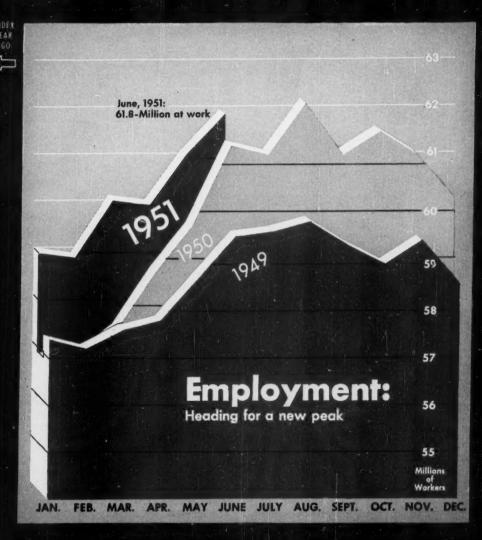
BUSINESS WEEK



A MCGRAW HILL PUBLICATION

JULY 14, 1951

TWENTY FIVE CENTS



Reduced maintenance, increased safety, long service life were achieved in this 56,000-HP hydraulic turbine, parts of which are subjected to shock loads from zero to 100,000 lbs. to zero again, five times each second. Design and fabrication ingenuity plus Lukens steel plate components overcame the engineering problems. Thus, the builder efficiently assured long equipment life . . . helped conserve strategic materials. Here's an example of typical Lukenomics benefits.

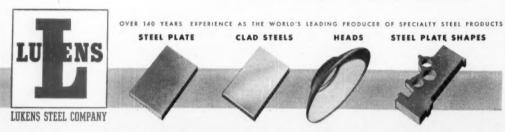
using Lukenomics

principle.

In this connection . . . whether it's production, power or processing equipment . . . a progressive equipment builder can recondition old equipment for greater efficiency or, if you're buying new equipment, build it better, saving you money and making most effective use of strategic materials.

Today, such equipment builders achieve these results through *Lukenomics*. For this principle combines their experience, and that of designers and engineers, with Lukens' specialized knowledge of materials and their application. For names of these equipment builders, write, stating your problem, to Manager, Marketing Service, Lukens Steel Company, 483 Lukens Building, Coatesville, Pa.

Promote steel production generally-speed sale of your scrap.



B.F.Goodrich

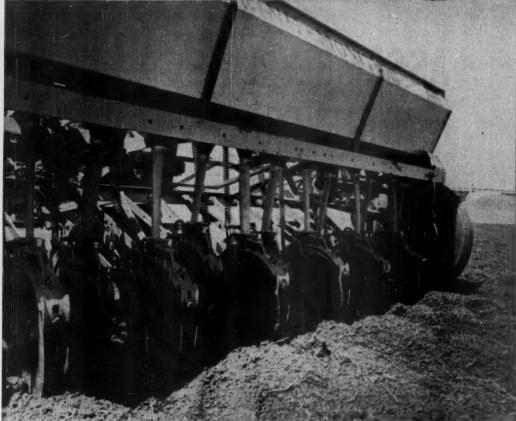


Photo receipts Minnespells Marine Company

Better "sowing machine" with Koroseal fingers

A typical example of B. F. Goodrich product improvement

THAT big machine drops seeds through 28 fingerlike tubes. They used to be rubber and canvas, but wore out too soon. Now Koroseal flexible material makes better tubes because it stands oils, sun, mud, moisture and seemingly endless wear, and is flexible enough to follow the ups and downs of uneven ground.

How many other things can it do? You businessmen with product problems can probably think of even more ways to use it than we can.

Koroseal flexible material can be made in dozens—even hundreds—of forms: sheets, films, coatings, tubes or other shapes, any thickness or size, can be laminated to paper, cloth, foil, may have a high-gloss finish or pattern or "grain". Can be sealed with heat.

It may make new kinds of packages for foods or greases or other things, for products needing softness, easy cleaning, resistance to chemicals. In most forms it even resists flame—will burn only while actually held in flame, goes out when flame is removed.

It's waterproof, easy to clean in furniture upholstery, bus seats, truck or carseats. Fresh dirt comes off with a swish of a damp cloth. Or you can use soap and water as often as you wish. It's nearly scuffproof, looks like new long after others would be scratched and worn,

Current supplies are limited, but we invite inquiries from businessmen planning for the future. We'll tell you frankly what experience we have had in your field, and send samples for test or experiment if necessary. The B. F. Goodrich Company, Korowal Sales Department, Marietta, Ohio.

Kornessi - Trada Mark--Ray, II. S. Pat. Off

B.F. Goodrich

Koroscal Fleville Materials

ASSEMBLY LINE IN REVERSE

And Going Full Blast!



This super-fractionating tower is just that. In it, crude petroleum is literally taken apart—initial step in producing the 2200-odd products of petroleum that enrich our daily lives and help maintain our freedom.

Behind the scenes of this vitally important industry, all along our vast petroleum life-line, Allis-Chalmers plays a prominent role...

with modern motors, pumps and power equipment for every phase of petroleum production . . .

with technical assistance in applying this equipment in the industry's two-billion-dollar-a-year modernization and expansion program.

The fact is . . . Allis-Chalmers provides essential products and services for every industry contributing to your well-being and security today!

ALLIS-CHALMERS MANUFACTURING COMPANY
Milwaukee 1. Wisconsin

Allis-Chalmers Machinery Conserves Manpower . . . Aids Progress of Petroleum Industry



New Allis-Chalmers motor for hazardous locations blows itself clean. Cooling air blown over ribbed cast iron frame carries dirt away—reduces motor cleaning costs. Record Performance—Allis-Chalmers centrifugal blowers used for catalyst aeration ran 562 days at 85 revolutions per second without stopping...then shut down only for drive inspection.

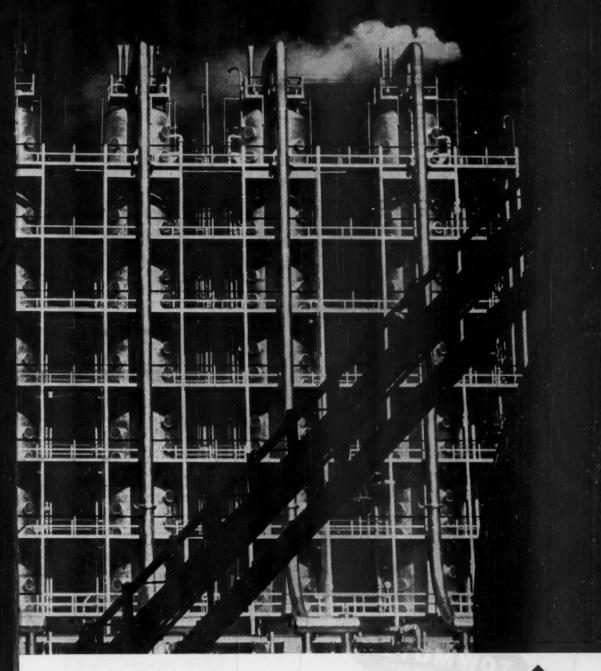




Expressway for Oil! Oil travels quickly and economically from Texas to Illinois via pipeline. Allis-Chalmers motors and booster pumps are used to keep it flowing.

PROSPER IN POWER!

America's strength, prosperity and good living have been paced by rapidly expanding generation and utilization of electric power.



ALLIS-CHALMERS



One of the Big 3 in Electric Power Equipment— Biggest of All in Range of Industrial Products



FORK LIFT TRUCKS and TRACTORS RECEIVING . PROCESSING . STORAGE . DISTRIBUTION Representatives in all principal cities in U. S. and Canada. HOW MANY PEOPLE HAVE YOU TALKED TO ABOUT AMERICANISM TODAY?

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AN APPLICATION OF KELLER AIR TOOLS

Here is a lure that "has everything"... spinner, nylon fins and tail, snap-on weed guard, attractive colors, and a darting underwater movement that fishermen can control.

Demand for this lure has compelled the manufacturer to step up production vigorously. Limiting factor was the drilling of five tiny holes for attachment of eyes, leader, hook, and nylon fibers.

Working with a drill press and tumble jig, about 800 lures a day could be drilled. Using special drill heads helped some, but not enough.

Then Airfeedrills* were arranged in specially designed fixtures. In the photograph above, two Airfeedrills can be seen mounted above the workbench; while a third one (not visible) is mounted below. All three Airfeedrills are operated

simultaneously by pressing a single control valve—advancing, drilling, retracting, and shutting off automatically.

Now the workman merely unloads and loads the jig, and presses a button to start the drills. With fixtures like this, output has been multiplied ten times—from 800 to 8,000 lures a day!

Thus Keller Air Tools help manufacturers speed and simplify production, and reduce costs.

*Keller Tool Company Trade Mark.



Air Tools engineered to industry

KELLER TOOL COMPANY, GRAND HAVEN, MICH.



Edison Televoice



work flow at ⅓ the cost!

- V EASY AS TELEPHONING!
- ✓ TURNS THOUGHTS INTO INSTANT ACTIONS!
- V NO DISCS, SLIPS, BELTS TO MANIPULATE!
- "DELIVERS" DICTATION RIGHT TO SECRETARY!
- ✓ PERFECTED, PROVED AND PATENTED BY EDISON!
- ✓ AVERAGES 9¢ PER DESK PER DAY!

An instant success! Edison's unique Televoice system solves manpower headaches, gives one to 20 (or more!) desks the same instant dispatch service on written work the telephone now provides for oral work. Pays for itself out of profits! It's proving itself every day in firms like U. S. Rubber, Otis Elevator, Massachusetts Mutual, Esso-Standard Oil, Pan American World Airways, etc.



Edison TeleVoicewriter

The Televoice System

EDISON TELEVOICE integrates perfectly with the <u>Disc Edison Voicewriter</u>, the world's finest individual dictating instrument. <u>Today</u>, no one can match Edison's complete line: <u>Televoice stations</u> for average dictation, the <u>Disc Edison Voicewriter</u> where a single instrument is required.

GET THE WHOLE STORY—NOW! Send for this new descriptive booklet. Or, to arrange for a demonstration, call "EDI-PHONE" in your city. In Canada: Thomas A. Edison of Can-



EDISON, OS Lakeside Ave., W. Orange, N.	3.
Okay-send me a LINE ON TELEVOICE.	
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COMPANY	
ADDRESS	

In BUSINESS this WEEK ...

Anybody Getting Cold Feet?

• When the fighting ends, will business still want to go ahead with its record-breaking expansion plans? P. 21

Unlucky Horseshoe

• If this had happened in the Middle Ages, there wouldn't be any people named Smith.

P. 38

Winning a Pennant Helps

• But there is a lot more to majorleague baseball than just that—as the record of the Chicago White Sox proves. P. 54

Power That Might Have Been

• Trouble with materials allocations puts electric utilities behind on expansion. It means a squeeze next winter, and a worse one in 1952.

P. 60

Drape-Shape Production Line

• The garment industry doesn't have to huddle into loft buildings. Straight-line production flow is cheaper. P. 84

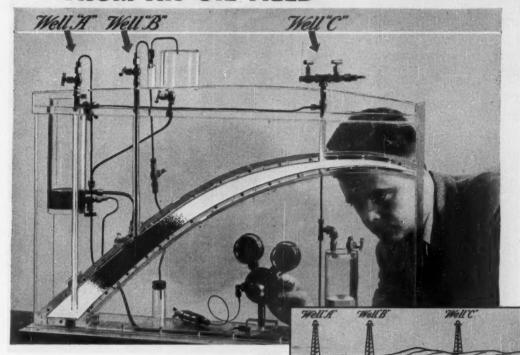
Dicker With Franco

• Our European allies won't be seen speaking to him. So it's up to the U.S. to strike a side deal with Spain. P. 133

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HOW TO GET TWICE AS MUCH FROM AN OIL FIELD



THE unusual maze of pipes and tubes pictured above is a laboratory version of an actual oil and gas reservoir. Wells "A", "B" and "C", represented by glass tubes in this working model, correspond to the wells in the diagram at right.

Suppose our model operates under ordinary conditions. Well "A" is useless. Well "B" produces oil. Well "C" produces gas. Pretty soon oil production falls off and stops.

Now suppose we start again and organize our wells much as you set up a batting order for a baseball team. First, we shut Well "C". This keeps gas energy underground. More oil comes from Well "B" than we got before. Next, we take dissolved gas from the oil we produce. This gas goes underground at "C". Result: still more oil at "B". Our clean-up step is to put water in Well "A". This drives all possible oil through "B". Finally, we produce the gas at "C" and sell it.

Such teamwork in production more than doubles the tecovery from oil and gas reservoirs. But to organize a production team among the hundreds of interests involved in actual oil fields takes leadership of the highest

caliber. In recent years, our Production Department has been delivering much of that kind of leadership.

Phillips Petroleum Company now has substantial interests in many oil and gas reservoirs which are being operated by production teams for highest economic recovery. These operations are among the earliest and largest in the world. Benefit of this good conservation to ourselves, our industry and to America is already evident in much additional crude oil now being produced from present reserves.



PHILLIPS PETROLEUM COMPANY

Bartlesville, Oklahoma

We put the Power of Petroleum at America's Service



You Can Cut this Tax on Both Ordinary and Excess Profits—98%

Eye Accidents
Cost
\$160,000,000*
in Lost Man Hours

*Estimate. Does not include average cost of compensation which even for the low cost year of 1938

In the entire plant operating picture, no high cost is more unnecessary yet easier to reduce than the tax exacted by industrial eye accidents. It can be cut 98%...thousands of dollars can be saved annually...trained workers can be kept producing steadily during this period of high production—

when proper safety goggles are worn on all eye-hazardous jobs.

Your AO Safety Representative has the figures to prove that an AO Eye Protection Program (which can pay for itself in six months) is a good investment any time—particularly today.



SOUTHBRIDGE, MASSACHUSETTS . BRANCHES IN PRINCIPAL CITIES

BUSINESS OUTLOOK

BUSINESS WEEK JULY 14, 1951



There's no business recession on the plant-expansion front.

Just about everybody has raised his sights since the first of the year (page 21).

This is an unheard of thing when consumer goods are in oversupply.

Generally, manufacturers trim sail—expansionwise as well as productionwise—in a market glut. But a rearmament climate changes all that.

And here's the payoff: You can't have much of an over-all business letdown during a capital goods boom; building new plants and equipping them breeds too much activity, all across the board.

Industrial construction already is rising by leaps and bounds.

Value of work put in place last month (public and private) was \$262-million against \$95-million a year ago—on buildings alone, not equipment.

Some of the industrial expansion projected for 1951 very likely can't be completed by yearend.

And the carryover is your best guarantee against a business slump that some people are worrying about in the first half of 1952.

Backlogging this prospect will be rising arms output. And, before the turn of the year, the consumer goods slump will be behind us.

More realistic price regulations will speed output of machine tools from now on (page 27). The relaxed ceilings enable tool builders to subcontract a lot of work they have had to do themselves heretofore.

Tool output has yet to hit an annual rate of \$700-million. Washington's bogey for the industry is \$2.9-billion annually.

Where's that much-talked-of pinch in consumer goods? Well, it depends to a large extent on how you figure.

For instance, the National Production Authority's chief, Manly Fleischmann, said this week that the worst already is here—and isn't too harsh. Cutbacks to 60% or 70% of the 1950 level are in force, and the government has no plans to cut further.

But he neglects to mention that civilian supply obviously hasn't been cut nearly that much. His figures reckon without inventory.

Business has unsold stocks worth a record \$70-billion.

Besides, there isn't going to be anything like 60% or 70% of 1950's civilian steel supply available (page 120).

Housing is one field where output refuses to stay cut back.

Dwelling units started in June are estimated at 130,000. That's not much under the 144,000 for June of last year. (And, before the 1950 boom, any month with more than 100,000 starts was a marvel.)

Moreover, the gap is narrowing rather than widening. For the first five months it was 20%; in June it was a shade less than 10%.

Actual work put in place on new dwellings has yet to feel the impact of June's spurt in starts. Value of work last month was 23% behind a year earlier (although the half year was down only 1.1%).

And this lag makes certain high activity in the months ahead.

BUSINESS OUTLOOK (Continued)

BUSINESS WEEK JULY 14, 1951 Government restrictions on use of critically short structural steel can be counted on to <u>cut</u> into certain types of public construction—such as schools, hospitals, and the like.

Such building is running a tidy total—about \$230-million in June. At that rate, it is 25% ahead of a year ago.

Layoffs in the auto industry—whether for lack of materials or lack of orders—continue to make news week after week. Yet the shutdowns don't seem to make much of a dent in over-all manufacturing activity.

One measure (although admittedly only a partial one) is use of electric power. If the slack—and the workers—weren't being taken up by arms plants, you'd expect power output to drop in the Great Lakes area.

But it hasn't. It has been running 12% and 13% ahead of a year ago.

Crops—with their implications as to supplies of food, feed, and fiber—were much in the news this week. And the news was good.

There's one hitch, though. In the two weeks since the government's crop correspondents made their rounds, weather has not been good.

Heavy rains, ranging up to cloudbursts, hit the winter wheat belt where the harvest has already been set back by wet weather.

Corn, too, has had too much rain. Low-lying fields in the main belt are yellowing; cultivation generally is being seriously delayed.

Best news on wheat comes from the spring-seeded areas. There, moisture has been beneficial, and crop prospects are good.

The government's estimate is for more than 360-million bu. of spring wheat. If winter wheat threshes up to the July 1 prospects, the harvest will top 700-million bu.—or fairly well over 1-billion bu. for all wheat.

That would meet home needs plus exports at the high rate of the last year and still leave something over to add to the dwindling stockpile.

Corn should pass the 3-billion-bu. mark for the sixth time in eight years—and may make the fourth-highest crop on record.

The government's forecast is for 3.3-billion bu. To that may be added 650-million to 700-million bu, of old corn in surplus.

That comes to the third-largest supply ever—and hardly points to any need for a holiday in whiskey distilling.

Despite good corn prospects, the Dept. of Agriculture has started a drive to raise yields by more nitrogen fertilizing this season.

And, though little publicized, here's something else to note: Small quantities of the antibiotics (as well as vitamin B_{12} , or in combination) added to feed grains can hardly speed the growth of livestock and poultry. The cost is far outweighed by the saving in feed, such as corn.

Planters, lured by the 44¢ price of cotton at seeding time, topped the government's high acreage goal by a million acres.

The implication of that is a huge cotton crop—over 16-million bales with only average weather or, with luck, a record-breaking 19-million.

And farmers will sell the new crop closer to 35¢ than 44¢ a lb.

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Choose this Factory Floor



Capital Investment!



You'll get many, many years of service from a Flexachrome* Plastic-Asbestos floor like this... service that renders it one of the soundest investments management can make. Let's look at the qualifications.

Flexachrome is greaseproof. Use it in machining areas, compounding departments, in-plant kitchens and dining rooms... anywhere grease abuse is a problem.

Maintenance is simple and economical. Flexachrome floors stay at their brilliant best merely with: daily sweeping to remove loose dirt, periodic washing, waterwaxing (if desired).

Service life is extraordinary. The exceptional built-in wear resistance of Flexachrome floors brings cost-per-square-foot-per-year down to a figure that makes plant operating executives smile.

And appearance is superb! Here is a real aristocrat among flooring materials.

Because Flexachrome is laid in individual tiles, you get unmatched versatility. Use it as a single color floor (above) ... or in any of almost unlimited variety of patterns. Your floor design can be merely decorative, or it can be used functionally... to identify departments and bays, or direct traffic.

Now consider color. 33 sharp, brilliant colors from white to black...primary to pastel... give you a veritable rainbow to meet any decorative requirements. And color is taking on increasing importance in industrial design especially where light reflectance is important.

Write us for detailed information. THE TILE-TEX DIVISION, The Flintkote Company, Dept. F, 1234 McKinley Street, Chicago Heights, Illinois.

Other Tile-Tex Flooring Products include: Mura-Tex* Plastic-Asbestos Wall Tile; Tuff-Tex* Heavy Duty Greaseproof Industrial Tile; Tile-Tex*...the Quality Asphalt Tile.

Tile-Tex

PREGISTERED TRADEMARK, THE FLINTHOTE COMPANY



TICKET OFFICES



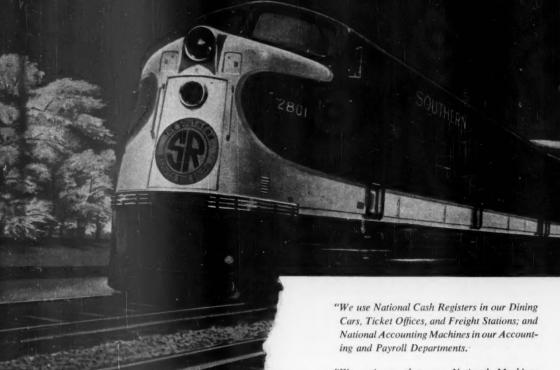
DINING CARS



ACCOUNTING DEPARTMENT

"National Machines save us about \$300,000

-Southern Railway

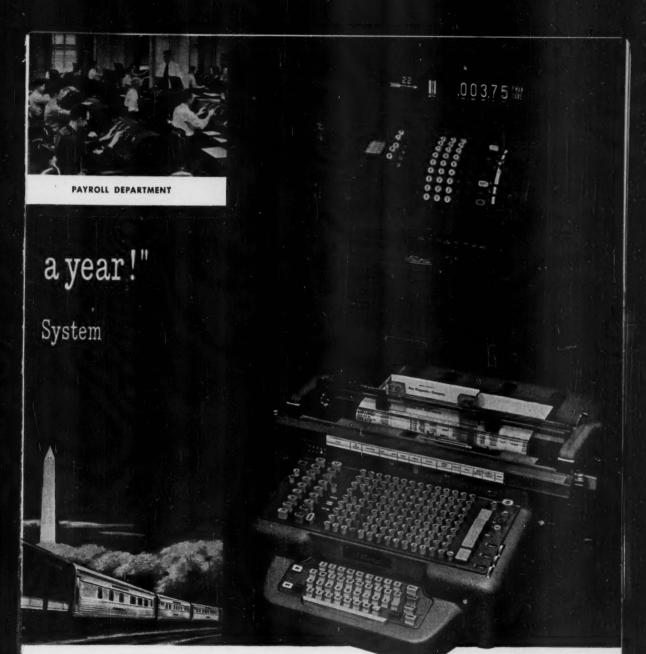


"We estimate that our National Machines save us about \$300,000 a year. This saving pays for these machines in approximately 13 months."

Emest E. norm

President

SOUTHERN RAILWAY SYSTEM



Southern Railway System's "National-ized" control is another striking example of the broadened application of National Machines to the problems of American business:

1. MODERN NATIONAL CASH REGISTERS are, in fact, Sales-Accounting Registers. They give protection that saves money, plus information that makes money.

They furnish integrated mechanized control. They enforce the correct original entry on every transaction; then, as a by-product, they automatically provide vital classified

2. NEW NATIONAL ACCOUNTING MACHINE

has time-and-effort-saving features never before combined on one machine. On some jobs it does 3/3 of the work automatically, and what it does automatically the operator cannot do wrong.

It handles every kind of accounting job, including those requiring typed description. It can be kept in profitable use every hour of the day by switching it-in seconds-from one job to another.

Concerns of every size and kind are profiting from National Systems.

Nationals pay for themselves out of the money they save. Let our local representative - a trained systems analyst-show what you can save with the National System adapted to your needs. Or write us at Dayton 9, Ohio.

National THE NATIONAL CASH REGISTER COMPANY

This is National Steel MAJOR DIVISIONS OF NATIONAL STEEL

Its Great Lakes Steel Corporation serves American industry in America's great automotive center

Great Lakes Steel Corporation, with the only integrated steel mill in the Detroit area, is the natural companion to America's mighty automotive industry in both production and location.

Its complete facilities-blast furnaces, open hearth furnaces, hot strip and sheet mills, merchant mills, cold mills-enable Great Lakes Steel to furnish auto makers and their suppliers with a large volume and variety of finished steel for their tremendous production needs.

And Great Lakes Steel serves a wide range of other industries throughout America-building, rail and highway transportation, home appliances, electrical equipment, to name just a few. It has developed special steels, including famous N-A-X High-Tensile . . . is the exclusive manufacturer of world-acclaimed Quonset buildings and Stran-Steel framing.

The progress of Great Lakes Steel-one of National's seven principal subsidiaries-is another reason why National Steel is one of America's largest producers of steel . . . why it will continue to grow in the future.

NATIONAL STEEL

GRANT BUILDING



CORPORATION PITTSBURGH, PA.

SERVING AMERICA BY SERVING AMERICAN INDUSTRY

GREAT LAKES STEEL CORPORATION, Detroit, Michigan. The only integrated steel mill in the Detroit area. Produces a wide range of carbon steel products. . . is a major supplier of all types of steel for the automotive industry.

WEIRTON STEEL COMPANY. Mills at Weirton, West Virginia, and Steubenville, Ohio. World's largest independent manufacturer of tin plate. Producer of a wide range of other important

STRAN-STEEL DIVISION. Unit of Great Lakes Steel Corporation. Plants at Ecorse, Michigan, and Terre Haute, Indiana. Exclusive manufac-turer of world-famed Quonset buildings and Stran-Steel nailable framing.

HANNA IRON ORE COMPANY, Cleveland, Ohio.
Produces ore from extensive holdings in Great
Lakes region. National Steel is also participating in the development of new Labrador-Quebec iron ore fields.

THE HANNA FURNACE CORPORATION. Blast furnace division located in Buffalo, New York.

NATIONAL MINES CORPORATION. Coal mines and properties in Pennsylvania, West Vir-ginia and Kentucky. Supplies high grade metal-lurgical coal for National's tremendous needs.

NATIONAL STEEL PRODUCTS COMPANY, Houston, Texas. Recently erected warehouse, built by the Stran-Steel Division, covers 206, 425 square feet. Provides facilities for distribution of steel products throughout Southwest.

FIGURES OF THE WEEK

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	§ Latest Week	Preceding Week	Month Ago	Year Age	1946 Average
Business Week Index (above)	*233.1	†234.0	230.4	216.3	173.1
PRODUCTION					
Steel ingot production (thousands of tons)	2,029 102,127 \$56,080 6,077	2,015 †156,105 \$47,321 6,898	2,063 152,656 \$43,908 6,734	1,830 137,731 \$51,051 5,380	1,281 62,880 \$17,083 4,238
Crude oil and condensate production (daily av., thousands of bbls.)  Bituminous coal production (daily average, thousands of tons).	6,169 1,920	6,181 1,839	6,168 1,613	5,476 1,697	4,751
TRADE					
Miscellaneous and l.c.l. carloadings (daily av., thousands of cars)	78 59 -2% 129	78 61 +6% 188	79 57 +5% 172	75 56 +10%	82 53 +30% 217
PRICES	129	100	1/2	130	211
Spot commodities, daily index (Moody's Dec. 31, 1931 = 100)	481.8	1485.4	493.4	420.4	311.9
Industrial raw materials, daily index (U.S. BLS, Aug., 1939 = 100)		330.0 †363.6 4.131¢	340.8 379.2 4.131¢	246.8 344.5 3,837e	198.8 274.7 2.686¢
Finished steel composite (Iron Age, lb.).  Scrap steel composite (Iron Age, ton).  Copper (electrolytic, Connecticut Valley: lb.).	4.131¢ \$43.00 24.500¢	\$43.00 24.500¢	\$43.00 24.500¢	\$37.08 22.500¢	\$20.27 14.045¢
Wheat (No. 2, hard and dark hard winter, Kansas City, bu.)  Cotton, daily price (middling, ten designated markets, lb.)  Wool tops (Boston, lb.)	\$2.27 43.45¢ #	\$2.31 †45.16¢ #	\$2.35 45.18¢ #	\$2.20 35.68¢ \$2.33	\$1.97 30.56¢ \$1.51
FINANCE					
90 stocks, price index (Standard & Poor's)	172.0 3.55% 2½-2¾%	†167.5 †3.55% 21-21%	171.1 3.46% 21-21%	138.8 3.33% 11-11%	135.7 3.05% 4-1%
BANKING (Millions of dollars)					
Demand deposits adjusted, reporting member banks.  Total loans and investments, reporting member banks.  Commercial and agricultural loans, reporting member banks.  U. S. gov't guaranteed obligations held, reporting member banks.  Total federal reserve credit outstanding.	49,214 70,167 19,153 30,785 23,970	49,916 70,635 19,220 31,176 23,916	50,286 69,037 18,992 30,207 23,546	47,396 67,652 13,660 36,152 18,950	††45,210 ††71,147 ††9,221 ††49,200 23,883
MONTHLY FIGURES OF THE WEEK		Latest Month	Preceding Month	Year Ago	1946 Average
Private expenditures for new construction (in millions). June. Public expenditures for new construction (in millions). June. Housing starts (in thousands). June. Employment (in millions). June Unemployment (in millions). June. Wholesalers' inventories (seasonally adjusted, in millions). May.		\$1,821 \$879 130.0 61.8 .2 \$11,988	\$1,727 \$823 97.0 61.2 1.6 \$11,651	\$1,892 \$673 144.3 61.5 3.4 \$9,478	\$803 \$197 55.9 55.2 2.3 \$5,471
Retailers' inventories (seasonally adjusted, in millions)		\$19,114 #Insuffic	\$18,976	\$14,416	\$9,400
	Date for 'Lates				



# THE MACHINE THAT BIT MEN'S FINGERS

The jewelry was beautiful—but the accident record was bad. Foot-operated presses were used in a New England jewelry plant for die-stamping parts. When close work brought operators' hands too near the closing dies, crushed and punctured fingers were the result. The guards on the presses failed to solve the problem.

#### The solution

Liberty Mutual engineers took one of the presses to Boston and set it up in their Mechanical Laboratory. Careful study resulted in the design of a special ring guard, which stopped the downward motion of the punch whenever fingers were in its path. It was simple, economical and completely effective. It was installed on every one of the 100 presses in the plant, and the accident rate went down with each installation.

#### HUMANICS: A New Concept

Though the principle of machine guarding is old, new processes often present new and stubborn problems. Liberty Mutual engineers have the experience and facilities for solving them economically. But industrial engineering is only one phase of Liberty Mutual's comprehensive new program. It's called

HUMANICS—the science of preventing loss—which brings together all activities for preventing accidents and reducing the pain and expense of accidents when they do occur.

HUMANICS guards machines . . . and puts "invisible guards" around men to safeguard them from themselves. It provides excellent medical care of injured workers, and the rehabilitation of the badly injured. It is not the activity of one Liberty Mutual department, because the prevention of loss in all forms—and the consequent reduction of compensation insurance costs—is the basic business of the company.

#### You can check your own program

"HUMANICS: A new concept of loss control in industry" is a book describing five ways to reduce the cost of Workmen's Compensation Insurance, increase productivity and improve employee relations. A request on your business letterhead will bring a copy without cost or obligation. Address Liberty Mutual Insurance Company, 175 Berkeley Street, Boston 17.

#### HUMANICS

#### LIBERTY MUTUAL'S PROGRAM

to keep workers from being hurt
...to help them recover sooner
if they are hurt...to rehabilitate them if they are badly hurt,

#### THEOLIGH

#### Industrial Engineering

to eliminate physical and mechanical hazards and to establish safe methods and operating practices

#### Industrial Hygiene

to assure a healthful working environment

#### Industrial Preventive Medicine

to fit the right man to the right job, or to adjust the job to the man — and to protect the worker's physical fitness,

#### Claims Medical Service

by eminent specialists, to facilitate the rapid recovery of injured workers

#### Rehabilitation

to restore badly injured workers to useful, productive lives, through Liberty Mutual's Rehabilitation Centers in Boston and Chicago and specialized medical facilities wherever available.



## WASHINGTON OUTLOOK

WASHINGTON BUREAU JULY 14, 1951



Signs of a coming defense letdown are multiplying, even in advance of any final agreement on how to wind things up in Korea.

Officially, the line is to drive right ahead with arming and all that goes with it. But Congress, and downtown agencies, too, question whether the pace can be maintained—or even should be.

Congress is in a rebellious mood. It mistrusts Truman's judgment on the danger of war and inflation. It would like to kick out controls, whittle arms spending to a more comfortable level and remove the sting from the tax-hoost hill

But don't expect any quick swing to "normalcy." Congress will do some trimming and compromising, but it won't vote a sharp turnabout; members fear the political consequences of that if there should be new shooting before the 1952 elections.

The prospect: a gradual easing up, starting now and running on into next year. Some of this will be deliberate, the result of action by Congress and the agencies. But much of it will grow out of inability to maintain momentum when there's no war to give a feeling of urgency.

You can see the general drift now and begin taking it into account in your private plans and in your business plans.

The tax bite won't be deep. Truman asked \$10-billion in January. The House, after six months, cut this to \$7.2-billion. Now it looks as if the Senate will shrink it to \$5-billion or \$6-billion. So taxpayers, individual and corporate, will have more money left for their own use.

Does this mean a deficit? It would, if spending hit the target of \$68.5-billion set for this fiscal year. But spending is off schedule; if it lags as much as \$3-billion or \$4-billion more, a balanced budget is a good bet, even with the smaller tax increase.

Civilian durable goods may escape another cut—making shortages slower to come and less acute than anticipated. More metal for civilians is a possibility by next midvear.

But materials control will continue. Officials still think it will be necessary to expand CMP to autos, appliances, etc.

Beef prices won't be rolled back any more. The final price law will ban the cuts slated for Aug. 1 and Oct. 1.

But manufacturers' prices might still be rolled back. The price stabilizers, Johnston and DiSalle, have a chance to salvage this one.

Manufacturers entitled to price relief under the general order or the special orders for machinery, cotton textiles, woolens, shoes, and apparel will get it, early next month (page 122).

You can expect labor to toughen its demands. It didn't give up much when the Korean shooting started, and now union leaders contend they have new grounds to push their demands still higher. They'll use weaknesses in price and rent controls to punch even bigger holes in the 10%-since-January, 1950, formula.

## WASHINGTON OUTLOOK (Continued)

WASHINGTON BUREAU JULY 14, 1951

Truman may take the stump on the control issue and make a new try this fall for the sort of toothy law he wants.

Political advisers are divided on the move. The hotter Fair Dealers want Truman to go ahead now, force the issue. Advice to take it slow comes from the moderates. Their reasoning: If Truman takes to the road now and inflation fails to come later, then he would be charged with a grab for power. But if he waits and inflation does strike, then he could go to the public with a persuasive I-told-vou-so fight.

But Truman may go ahead anyway. Intimates report that he's burning at slights Congress has handed him and is anxious to show that he still has pull-the old whistle-stop appeal.

Campaign to resell defense to Congress and the public is planned. Idea is for the Senate watchdog committee to hold full-dress hearings on defense needs and aims. The Russian danger and how best to meet it would be detailed in public hearings by a parade of top government brass, rivaling the MacArthur investigation. Object: to put over the point that any relaxation now would be at the expense of future security.

Washington calls the business outlook bright, through next year.

There'll be more price softness, short term, especially in farm commodities. Coming harvest will be huge. But declines in prospect are from extraordinarily high highs. Farmers will still be well off.

There'll be more price cutting at retail, to work off big stocks. Still, forecasters say, business will be good by any normal standard.

Manufacturers will have little difficulty, except in those lines where consumer goods are overstocked. And that's considered temporary.

Behind the confidence about business: (1) Spending for defense will be rising for many months yet, regardless of what Congress does on appropriations. Cuts wouldn't show up in reduced output until next year. (2) There's the huge boom in construction. It will carry for months, too, just on the basis of what's started.

Note the industrial expansion goals, (page 21) as set out by ODM . boss Wilson: steel, 118-million tons by mid-1953, up 18% from the pre-Korea level; aluminum, 1.5-million tons by 1954, up 100%; freight cars, 1.8-million in operation by mid-1953, which means adding 250,000 new freight cars; nitrogen, 2.5-million tons in 1953, up 43%; and synthetic wool fibers, 225-million pounds—a new industry.

Are we over-expanding? A few men in business and government think so. But right now, the defense bosses scoff at over-production fears.

Political repercussions of Korea will run on and on. No negotiated settlement is going to look so victorious as the people expect. This will cost Truman some of the prestige that will come out of a truce, will raise appeasement talk.

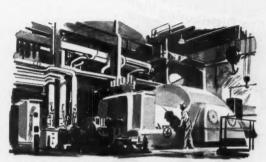
Marshall probably will resign as defense secretary. He came in on a temporary basis, and a lull would be his first chance to retire.

Acheson will bow out. Truman regards him as a great Secretary of State. But party leaders insist he's too big a load to carry in 1952.





More than 14 million American homes use coal for heat and rely on the steady, healthful comfort that only coal can provide. More than 120 million tons of coal are delivered by retail coal merchants every year for home heating and for schools, hospitals, churches, small industrial plants and other community uses.



Today, coal when used with modern equipment is the most economical source of heat and power. Automatic controls and handling machinery have reduced operating costs all along the line. And, one ton of coal, used under this more efficient modern boiler, yields as much energy as that produced by three tons-a few years ago!



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The most productive—the most efficient—coal mines in the world are the direct result of the free competition that accompanies private ownership. The progressive American coal companies are constantly striving for new and better ways of coal productionto cut costs and deliver a better product.

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# Plant Expansion: Nobody's Backing Ou

- What will peace in Korea do to the business boom?
- To know that, you have to answer two questions: how will it change government spending for arms? How will it change business spending for new plant?
- This week Congress is looking at armament plans: it probably won't change them.
- And this week Business Week has found out how peace will change business plans: It won't.

Right now business plans for bigger plants and for more equipment are even more ambitious than they were last January. And they are still grow-

Last week-after armistice talks began, after businessmen had had a chance to weigh the impact of peace in Korea-Business week asked them whether they were scaling their plans down. They weren't.

The slowdown in sales this spring hasn't scared producers a bit.

The peace talk hasn't scared them. A few have backed off, but not enough to counterbalance the ones who are enlarging their plans.

And materials shortages aren't putting any serious crimp in planned expansions, not yet anyway.

· Main Force-This means that one of the main forces behind the business boom is still going strong, still pushing income and production to higher and higher levels.

Beyond that, it suggests something about the economics of capital spending: It is not behaving like the volatile, unstabilizing element that many economists have thought it. Behind the current capital expansion, it seems, is a hard urgency, a driving demand that keeps outlays for plant and equipment more or less independent of the short-run ups and downs of business.

· Recheck-Early this year the annual survey by McGraw-Hill's Dept. of Economics showed that business was set to spend more on new plant and equipment in 1951 than ever before (BW-Mar.31'51,p67). Last month (BW-Jun.23'51,p25),

estimates by the Dept. of Commerce and SEC showed that business expected to spend a record-breaking total this year-probably around \$25-billion.

But that was before the peace talks. Last week BUSINESS WEEK rechecked the plans of 50 companies that had scheduled heavy capital expenditures.

· About half the companies have revised their plant and equipment programs since the beginning of the year. Almost all the revisions are upward. The increases far outweigh the rare cuts.

· Civilian business is as much the target of the expansion as military business. Some companies have no military orders. Others said they would be expanding even if they didn't have a government contract on the books.

· Materials shortages have been a nuisance. But they rarely have put an expansion program seriously behind schedule. Indirectly, they have forced many companies to increase spending plans because they have inflated costs.

• The boom in capital spending almost certainly will carry over into 1952. Plans aren't firm yet, but most companies say that the projects they now have under way won't be finished this year. This means a backlog of spending for 1952, quite aside from new projects that will be started then.

· Inflation-Part of the boost in spending plans since January has been done with the mirrors of inflation. It merely represents increased costs, not a decision to increase capacity.

One of the big companies that reported in January that it would spend more than \$100-million now says that

its program is up 15%-entirely because of higher costs.

· Higher Targets-But higher costs are only part of the story, and probably not the major part. Company after company reported that it had set its targets higher-"because demand is increasing" or "because we need additional capacity." Some have doubled their programs since the beginning of the year. A large number have boosted them 20% or more, which is too much to be explained by inflation alone.

· Mystery-Nobody knows just where business is getting the materials for this kind of expansion. Some of it certainly is coming out of inventories. Some probably was diverted from the consumer-goods industries when business levelled out during the spring. Some probably was available because military production hasn't stepped up so fast as it was meant to.

Whatever the reasons, few companies reported that shortages were making a real difference in their spending programs. There were exceptions: Some manufacturers have cut more than 25% because they can't get delivery on everything they want.

Others complain: "Expansion Is being delayed by slow delivery on ma-chine tools." But some of these have increased spending by as much as two-

• For 1952-Where shortages have slowed down expansion, the first result has been to fatten up 1952 capital budgets. Plans for next year are surprisingly big already. Half the companies covered by Business WEEK recheck now have as much capital spending scheduled for 1952 as for 1951-sometimes more. This is a big percentage by any standards. Ordinarily, a check run in July would find nothing at all scheduled for the following year.

Tight money apparently isn't bothering anybody-and won't so long as corporate earnings stay fairly comfortable. A few companies have changed their plans because of higher taxes or because their projects didn't qualify for fast amortization. But the majority say they are financing entirely out of retained earnings. The ups and downs of stock and bond prices don't make any difference to them.

· Why?-Why haven't businessmen paid more attention to the short-term picture? Just why have their plans been increasing at a time when the need for more capital spending would seem

to be getting less urgent?

One reason is simply the amount of red tape involved in a major decision by a big corporation. Expansion plans, as a rule, have to be reviewed by the officers, approved by the directors Once they are under way, it takes an equal amount of corporate soul-searching to cut them back

It's only in the small company that you get split-second decisions to go ahead or trim down. And you still have the question of breaking contracts and retrieving money already spent.

• Maybe-It is possible that business may start having some second thoughts about expansion if peace comes in Korea and if sales continue to drag. These second thoughts may show up in cutbacks in expansion plans toward the

end of the year.

But most of the companies checked by BUSINESS WEEK seem to be looking well beyond Korea anyhow. They are thinking in terms of civilian markets as well as military. As they see it, the U.S. is committed to a high-production, high-income economy from now on. And that kind of economy will require more capital than we now have. Few companies are worried about overcapacity in their industries when present expansion is completed. "If we were," they say, "why would we be spending all this money?"

#### It Ain't Gonna Rain No More in Yakima

Cherry growers in the Yakima Valley. Wash., are fighting water with water. They've hired nonrainmakers to counter the rainmakers hired by wheat growers

in the same area.

Farmers in irrigated regions don't want rain in early summer. It splits ripening cherries and ruins the hay. But the wheat men on the plateaus above the reach of irrigation can cash in on rain. They hired Dr. Irving P. Krick (BW-Aug.5'50,p28) to seed the clouds and got up to 2 in. of rain in early

The catch is that Krick's rain, too, falls on irrigated and nonirrigated lands alike. Some cherry growers reported losses from \$20,000 to \$40,000 each. · Counterattack-Now the irrigated farmers have come up with their answer: a new organization called Sunshine Unlimited. The object: to use Krick's own methods as a counterattack. Just as seeding clouds with silver iodide is thought to produce rain, overseeding is presumed to prevent rain. Sunshine Unlimited will tag Krick's men around and overseed behind them.

#### Rubber Relaxes

Government eases controls as supply rises, demand drops. Price of natural teeters, will fall if U.S. stops stockpile buying.

Few commodities on the world market respond so quickly and intensely to the law of supply and demand as natural rubber. Rubber was the first material to go under virtually complete government control following the Korean outbreak. And now it is the first to win some relaxation of that

This week National Production Authority lifted its ban on spare tires for new cars. At the same time, the trade was alive with rumors that the government will soon withdraw as the sole purchaser of natural rubber and let private purchasers go back into the

market

· Demand Down-Both of these are indications of a drop in demand and an increase in supply of what was, only five months ago, one of the country's most critical raw materials. Demand for tires, both for original equipment and the replacement trade, has dropped off sharply. And it will continue to taper as materials cutbacks force the auto industry to pare production by something like a third over the next few months. That's the main reason behind NPA's lifting of the ban on tires for the fifth wheel.

Similarly, demand for natural rubber to fill the strategic stockpile is lessening. General Services Administration chief Jess Larson recently disclosed that the goal for the stockpile is in sight. He didn't say how far ahead he was looking, but trade circles believe that, at the present rate of buying, government stockpile purchases will stop altogether within the next six months.

· Supply Up-Meantime, the world supply of tree rubber is rising sharply. Some industry people foresee an actual glut late this year or early next. They base their prediction on two things: (1) Production of natural rubber is running at record rates; and (2) consumption of natural is dwindling due

to greater use of synthetic. In spite of three years of killing and

looting by Communists in many rubbergrowing areas, output of rubber has steadily increased. In the 12 months ended in April, 1,977,500 tons were tapped from world plantations. That's a new record. And it's estimated that for the year ended June 30 production exceeded 2-million tons. The biggest year prewar was 1941-with an output of 1.6-million tons.

But competition from synthetic rub-

ber, particularly since Korea, is really beginning to tell. The latest estimate is that world use of tree rubber in 1951 will be less than 1,550,000 tons. It was 1,670,000 tons last year.

Production of synthetic rubber in the U.S. is setting a record-at about 900,000 tons a year. If Reconstruction Finance Corp. accepts the new petro-leum-rubber process (BW-Jun.23'51, p26), synthetic output may go up another 20%. RFC is also planning a 100,000-ton expansion of present synthetic-producing facilities.

· Prices Weaken-With supply of natural rubber way up and demand way down, the props under prices are trembling. It will take only a nudge-in the form of the U.S. government pulling out of the market, for instance-to

bring down the roof.

Right now the price at Singapore wobbles around 50¢ a lb. That's a big comedown from the 70¢-a-lb. price of a few months ago. But government purchasers think it ought to fall a lot further, settle at around 241e-today's price of synthetic. They're coaxing; the U.S. has a standing bid in Singapore now for rubber at 47e-2e below the market.

· Our Own Fault-In all, the outlook for stability in the rubber market is encouraging, to the audible relief of both government and industry. looked for a while as if the whole thing were getting out of hand—largely because of U.S. action.

The big influence was the closing down of our vast, war-built syntheticproduction system after World War II. Production was slashed to well below 400,000 tons a year, and minimum usage required of manufacturers by the rubber act was only 220,000 tons.

The reason for this, partly, was the low price of natural at the time; it fell as low as 15¢ a lb. But another reason was that the State Dept. encouraged the use of natural as an aid to Britain; rubber is one of Britain's biggest dollar

As a result, when the shooting started in Korea, the U.S. had virtually no inventory of synthetic and little active capacity. We had to buy natural fast, as did everyone else, and the price skyrocketed. In a statement last week, P. W. Litchfield, board chairman of Goodyear Tire & Rubber, estimated that our unpreparedness cost the U.S. consumer an extra \$500-million in the year ended May 1.

· Next Problem-But tire makers now feel that synthetic is here to stay, that it will get better and cheaper, and that someday it may virtually replace natural. That raises a whole new problem-of what to do with the millions of people in the Far East and elsewhere who depend on tree rubber for their liveli-



MUCH GAS Storage tanks near the gas fields, like this one at Baton Rouge, will stay full.



LITTLE PIPE The industry isn't getting enough steel to keep up with demands on its pipelines.

## Natural Gas Faces Freeze

By fall the government will invoke some sort of restriction on new users in areas where pipeline capacity is short. Most of the East will be hit.

Some kind of restriction on home and business use of natural gas is bound to come by fall. This much is certain

But this week you couldn't say for sure whether the federal government will do the controlling—through the Petroleum Administration for Defense or whether Washington is going to appeal to state regulatory bodies to impose controls.

• By Whose Order?—Washington is eager to do it. The Munitions Board has recommended to Interior Secretary Chapman a ban on new customers for domestic, commercial, and industrial use of natural gas east of the Mississippi River. And last week PAD put out a warning that, with certain exemptions, a restriction must be imposed.

The natural gas operators, distributors as well as pipeline companies, are solidly against federal control. They want the states to do it—even as commissions in several cities and states have already imposed consumption bans. Restrictions are in effect in Philadelphia, Minneapolis, Omaha, St. Louis. And Washington is going to get one soon.

• Plenty of Gas—Supply of natural gas is not the reason for the coming crackdown. There's plenty. And a new drilling in the Southwest gas fields is bringing in more all the time.

• Not Enough Pipe-The problem is steel. Pipeline steel, that is. The natural

gas industry got a third-quarter allocation of pipe steel totaling 517,000 tons. This figure was a long way short of the 878,000 tons the industry, and PAD, had said was needed. And in the fourth quarter, the allocation will be around 600,000 tons, as against requests for 1-million tons.

This cutback of allocations comes in the face of estimates that new demand for natural gas will run 12% to 20% above 1950. And the industry isn't sure of getting even the 517,000 tons the government says it can have. The makers of steel pipe can't turn out that much. This "slippage" in the third quarter may cost 17,000 tons or possibly more.

• Freeze the Customers—The tentative order announced by PAD is designed to freeze the space-heating customer lists of natural gas suppliers and to head off the addition of large-volume industrial customers. In this way, PAD hopes to protect present customers and insure adequate supplies for necessary defense activities.

• Some Outs-The order, even in its tentative stage, offered some exceptions.

 Exemptions were promised to all areas where natural gas supplies are adequate. This would include the Gulf Coast, Southwest, Southern California, North and South Dakota, Montana, and Kansas.

 Also exempt would be smaller areas in which distributors have adequate means of filling the needs of an expanding market or where commitments are made before the order goes into effect.

 The Pacific Northwest is out of the picture entirely because there are no immediate plans for carrying gas to that area.

 Waiting List—Chances are that New England, long hungering for natural gas, will have to wait some more. There is a chance that maybe Boston, at least, will get gas this winter.

Much of the pipe for the line going northeast is already on inventory, and PAD may let the first connections be made.

Another project put in jeopardy is the Texas-Eastern line, which would serve the Appalachian area and towns along the Eastern seaboard. This would open up new demand, and a consumption restriction would kill it for now.

The Texas-Illinois line to reinforce supplies in central Illinois—as a branch of the Natural Gas Pipeline Co. line to Chicago—probably will be completed. However, the gas will probably be ticketed primarily for defense activity.

• The Batting Order—C. Pratt Rather, PAD deputy in charge of natural gas, gives these priorities for using the allocated steel:

 Gathering lines in gas fields to tap new wells.

 Transmission laterals linking new supplies to existing main-line transmission systems.

 Projects that get the most gas for the least amount of steel, such as new compressor stations that push more gas through existing lines.

 Projects needed to maintain existing service.

• Defense First-Of course, the overriding objective of PAD is to assure adequate supplies for defense industries and installations. Special consideration will be given to processing-such as heat-treating-that requires steady control of fuel.

There is no question that any widespread consumption restrictions will play hob with many people. Take the man in, say, Pittsburgh who is developing a new residential area.

Pittsburgh householders don't like oil; the smoke control law in Pittsburgh practically prohibits use of coal. A ban would put the homebuilder, and the buyer, in a switch, and wipe out a market for appliance men.

out a market for appliance men.

• Squawks Ahead—This group hasn't sounded off very loudly yet. But PAD is meeting July 23 with the Gas Industry Advisory Council, and no one expects the opposition to federal controls to have waned.

Rather says: "After this meeting we will be prepared to state definitely what should be done."



\$95 That brings you this 8-ft. sailing pram, knocked down and ready for you to assemble. It's a Sea Shell.



\$650 This 12½-ft. Fiberglas BB Beetle Cat is nice for the family and is low on upkeep, the bane of yachting.



\$1,000 is bottom price for a 19-ft. Lightning. Some models cost \$1,400. It's good for racing and family jaunts.

BOATYARDS

are busy places in the yachting boom. Owners often do as much work as yards will permit, partly for fun, partly for economy.

# Yachting for Step Up and

If you want a yacht these days, you buy it. Maybe you've got \$95, maybe \$500 or so—anyway, you get a yacht. Not the biggest yacht in the world—not so wide as a Cup Defender nor so deep as a Corsair—but it's a yacht, and it's all yours.

And don't think people aren't buying them, especially the junior-sized items. An informed trade guess is that \$100-million will be spent on new craft this year, including motor boats. Don't forget maintenance, the real Old Man of the yachtsman's sea. Figure about \$400-million for upkeep, yacht club dues, equipment.

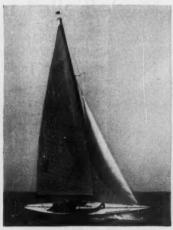
That's an overweight figure; perhaps it's going to be slimmed a bit by the plastics industry. The smaller craft, like the Beetle Cat (picture), are beginning to come up with plastic hulls. These need a minimum of painting, no calking. Being light, they're handy to lug about on trailers. The military is very much interested in this development, which is being pressed actively (BW-Jun.30'51,p47).

Synthetic sails are also coming into the picture. Nylon has proved only partly satisfactory, but Fiber V, Orlon, and Vinyon seem to offer the happy combination of high speed without mildew.

Boat builders' yards have been booming ever since the end of World War II. Shortages of materials like copper,



\$2,500 gets you this 24-ft. Raven. Very fast, it planes over the water instead of plowing through it.



\$4,000 or \$5,000 will get you a 32ft. International one-design—that's secondhand if you can find it.



\$10,000 is bottom ticket on this Sou'wester. A 34-footer, it's primarily for cruising, sleeps four.

# The Masses: Buy a Boat

bronze, and brass will put a slight crimp in the boat-building business this year, but it will still be way over prewar days.

A good big slice of the growth comes among the little craft—no one would have called them yachts back in the days of huge steam yachts and the America's Cup races. But don't think that the luxury part of yachting is a dead duck now. Quarter-million-dollar yachts like the Bolero may not be the racing machines that the Cup Defenders were, but they're a lot of boat—built for ocean cruising, with a good dollop of comfort.

A great many boats in the \$50,000 range are still being built; plenty of their older brothers are still in commission. But it's not these types that dot good sailing waters with swooping swatches of white canvas. That's where the little prams take over, along with their bigger cousins in the family-type classes.

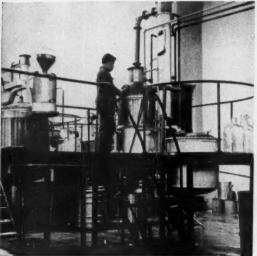
The pictures on these pages give you an idea of how much boat you can get for how much money. What they can't show you is maintenance cost. That depends too much on how much work you will do yourself or how much your boatyard will let you do. Also, how high are your mooring dues? One amateur, yachtsman's guess: Yearly maintenance will run from 10% to 25% of original cost.



\$250,000 built the 73-ft. Bolero, after the war. Ocean racers like this need paid hands to keep them up—and experts to sail them.







PRODUCES anti-arthritic drug inexpensively, gives . . .

# New Hope of Cortisone for All

To U.S. pharmaceutical companies, the 2-million people in this country who suffer from rheumatoid arthritis looked like a gold mine. Scientists had learned that cortisone, injected into arthritic patients, would make them almost normal—if treatment was continued for a period of years.

To any company that could produce cortisone in big enough quantities to treat all patients, the profits would be fabulous. At present retail prices (\$35 a gram to patients), that would mean an \$875-million business from arthritic treatment alone. And even if mass production cut costs by two-thirds, the rheumatoid arthritis business alone would still bring in over \$250-million—more than the pharmaceutical industry has ever had from a single product.

• The Big Catch—There was always just one catch in this picture. So far, the chief source of cortisone manufacture had been cattle bile. And Merck & Co., its biggest producer, has never been able to turn out more than enough to treat 10,000 to 25,000 patients. Merck, along with almost everybody else in the business, frantically sat to work to find a way to synthesize the precious material.

• The Big News-Last week the sensational news finally broke. A company in Mexico called Syntex, S. A., had found a low-cost way to synthesize cortisone. Its process takes between 20 to 30 steps, starting out with an inedible yam called cabeza de negra, which grows wild in southern Mexico and Central America.

Syntex says that it will begin shipping in a modest way early in 1952. Within two or three years, it says, it will be producing in very large volume.

Sex Hormones—Syntex, founded in 1944, sprang from the search for syntetic sex hormones. An American named Russell Marker became convinced in 1940 that sex hormones could be synthesized cheaply from three families of plants, of which the wild Mexican vam was one.

Marker went to Mexico, two years later had developed progesterone (pregnancy hormone) from the yam. He sold it to a small Mexican hormone house, helped them set up Syntex. Syntex now produces about half the sex hormones sold in the U.S. Meanwhile, Syntex's research lab was figuring outsuccessfully—an inexpensive synthetic cortisone.

What It Does-Cortisone, which is useful in the treatment of some 30 other diseases, is most noted for its effect on arthritis. Normally, the human adrenal glands supply the proper amount of cortisone to the blood stream.

In an arthritic, this function is cut way down. So by supplying cortisone, you restore the proper amount of the stuff and at least part of the arthritic's health.

• ACTH—Another substance, called ACTH, has also had startling results. But this works in a different way: Instead of supplying cortisone, it stimulates the adrenal glands into producing normally again. Compared to cortisone,

potential production of ACTH is much more limited.

• Microbe Theory—Meanwhile, a totally different theory as to the cause of rheumatism and arthritis has been propounded. It means, if true, that such diseases can really be cured.

This theory is that the major cause of such illnesses may be an unusual type of microbe, rather than a deficiency in the body tissue. The theory was set forth this week in the American Journal of the Medical Sciences, in a paper by Dr. Thomas Brown, professor of medicine at George Washington University,

• L Organisms—According to this, the

rheumatic diseases are caused by "L organisms." The L organism is said to be small enough to move in and out of a cell where it may multiply itself. The body tissue seems to respond to this by producing antibodies to fight the L organisms. The reaction between the two causes the pain and crippling. According to Dr. Brown, tests were

According to Dr. Brown, tests were made with antibiotics as they became available. The sulfanilamides had had no effect. Neither did the first nontoxic antibiotic, penicillin. But aureomycin did. So did chloramphenicol. And most potent of all, reports Dr. Brown, was terramycin.

• Lush Market—If further tests are as successful as those conducted so far, then the manufacturers of antibiotics will get at least as big a cut as the cortisone makers. As it stands now, the market is lush for anyone who can come up with something that can be produced cheaply—and do the trick.

# Defense Output Falls Behind

Deliveries of tanks, guns, and planes are 20% off schedule, due mainly to bottlenecks in tooling. Wilson thinks he can make up lost time—provided Congress doesn't slash appropriations.

Defense production will get into high gear next winter—just about six months behind schedule—the schedule set last year by President Truman and boss mobilizer Charles E. Wilson.

In a sense, this is simply to say that military production is not moving so fast as the high brass at first hoped it would. But there is a harder sense in which production is behind schedule; some contractors are not delivering at the rates they promised to when they negotiated their contracts. On the average, contractors are asking for delivery time extensions of about three months.

#### I. Where's the Lag?

Fortunately, the lag is of the type that can—and probably will—be made up. It shows up in late deliveries of military end-items: completed guns, tanks, planes. Wilson estimates deliveries of these end items are 20% behind. But if you trace the lag back down the line, you find it comes from bottlenecks in the tooling-up stage. Up to this point we have tooled a little slower than the mobilizers had hoped we would. So today we have a little less of our production facilities going full-blast than we were scheduled to have at this time.

But Wilson and his aides feel that they have the toughest tooling-up problems licked now and that all-out production of most items soon will take up the slack.

• Machine Tools—For example, Wilson believes he finally has—or soon will have—the solution for a bottleneck that has been holding up production of virtually all military items. That bottleneck was machine tools.

Tools to produce weapons and other military equipment were a bottleneck in World War II. Washington planned to sidestep the problem before Korea under a plan drawn up by the National Security Resources Board. The plan was to place \$1-billion in tool orders with manufacturers, the orders to be firmed up on signal from Washington. Part of this "phantom order" scheme was to advance 30% of the money involved in order to get expansion of tool production where necessary.

But after the Korean outbreak, Washington changed the signals. The total kitty for defense tools shrank to \$100-million (the government bought nearly \$2-billion worth in World War

II), and the advance payment plan was abandoned.

On top of that came the price freeze. This threw tool builders into a tizzy. The industry was in the throes of one of its periodic recessions. It said it simply could not expand production at the rate wanted by the military and hold to January delivery prices. But it had difficulty getting Office of Price Stabilization to give it needed price relief.

• Three-Way Aid—Mobilizer Wilson is planning to get machine tool builders still more price relief as part of a three-pronged attack on the industry bottle-

A second part of this attack is the creation of a special machine tools group in the Defense Production Administration. Like the already existing aircraft and electronics boards in DPA, the new organization will have considerable authority to help the industry lick its production problems. It will concentrate on straightening out price regulations, getting the industry the materials it needs, and, probably, managing the third Wilson project for



#### **New Airgoing Tenant**

Port of New York Authority has added the city's pioneer helicopter base to its string of four airports and one heliport. On July 1 the authority took over the city-owned base at Pier 41, East River, under a one-year lease. It will use the port for tests of mail pickup and air taxi service.

getting more tools-financing of new production with government funds.

#### II. Other Bottlenecks

There are plenty of other bottlenecks, besides machine tools, for Wilson to break. Among them:

Electronics is probably in the sorriest state. DPA's electronics production board has helped the industry to get scarce materials and to expand. But the main problem here is getting the military down to specifications.

Most electronic devices needed by the military were in developmental stages last June. We probably could have got more production sooner, but the military insisted on further improvements and refinements of instruments. Wilson and his aides have stopped this, however, and production is going up now.

Aircraft deliveries have suffered mainly due to a lack of machine tools. Wilson estimates they won't be on schedule for another year. More than in any other field probably, the general problem of obsolescence hurt aircraft production. You can't build jet bombers and fighters with tools that turned out radial engine planes in World War II.

But the aircraft makers themselves share some of the blame for the delay, the mobilizers claim. First, they overestimated their ability to produce—by three to six months in many cases. Second, many manufacturers waited until they ran out of aluminum before asking Washington for help.

Tanks are just getting started. Production just began on the new heavy. The first of the new light tanks came off the production lines in early March. Our General Patton medium tank is in production, but it is much the same as it was at the end of World War II, with the addition of heavier guns, better ammunition.

The delay on tanks is attributed, again, chiefly to the lack of machine tools. Production is three to four months behind.

Trucks are delayed largely on account of the military. It has increased its requirements time and again. There is the classic story of the officer who refused to accept a large order of trucks that were completed except for tarpaulin coverings. The mill with the tarpaulin contract was shut down by a strike

The Munitions Board stepped in on this one, ordered the military to take the trucks, and let the coverings catch in later.

Components in many cases were not scheduled to synchronize with production lines. Plenty of planes and tanks have stood in storage, 95% completed, waiting for electronic control devices,

for instance. That's why you have an apparent discrepancy between rate of deliveries and spending totals. Spending for the fiscal year 1951 totaled \$19.2billion, a bit better than scheduled. with over \$9-billion for hard goods. The military hasn't taken title to a lot of equipment that is all but finished.

Wilson is counting on the Controlled Materials Plan, with its intricate scheduling, to dovetail components with the

assembly lines.

#### III. Congressional Complacency

Once he gets these bottlenecks pierced Wilson probably can get the defense machine rolling fast enough to get back on schedule and even make up some of the loss.

That is, provided Congress comes through with the necessary appropria-tions to keep military purchasing at somewhere near present levels—and that's a big "if" at the moment.

It may be temporary, but a growing

block in Congress is all set to use a meat ax on the \$60-billion Truman is asking for the U.S. military program during the fiscal year that started July 1. Even more vulnerable is the \$8.5billion requested for foreign aid programs, including the military assistance that is tied in with our own defense buildup. Congressmen are also talking about stretching rearmament out over the next four years-instead of winding it up in two years as Wilson wants.

• Not 20%—Wilson will concede that

his mobilization budget could be cut a little without disastrous results. But he protests that a major reduction-say of 15% or 20%-would throw the program into a horrible muddle. Production facilities the mobilizers have been trying to expand would get no military contracts to work on. Present contracts would have to be cut back. The whole pattern of rearmament

would have to be cut.

There's not too much danger that Congress will make such a drastic slash in military spending. A guess that military deliveries will rise from \$1.5billion a month for equipment and construction to \$4-billion a month by next June 30 is probably a safe one. But look for Congress to cut corners on military spending wherever it can. • Why Not?-Wilson's recent report on the mobilization program shows why he is so concerned over the possibility that Congress might cut the wrong corners. During the April-June quar-ter, deliveries of military end-items jumped from a rate of about \$2-billion per quarter to \$4.2-billion-or about \$1.5-billion a month. But with toolingup and plant expansion now about completed, Wilson figures the same rate of contracting will get us about \$4-billion in deliveries a month by next June.

# Stretching the Labor Supply

Labor might pinch a bit here and there, but there are going to be enough workers to turn out materials for partial mobilization and supply consumer needs, too.

In a modern economy, one statistic counts above all others; employment. And just a glance at the June figure (cover) shows that employment is still doing fine.

· Impressive-Last month, even after less-than-seasonal rise, some 61.8million people were at work. That's 300,000 more than in June, 1950, and tops any other June on record. At the same time unemployment was a shade under 2-million-1.4-million less than a year ago and the lowest for that month since World War II days.

Employment racked up new highs all during the second half of 1950 and the first half of 1951, even though the armed forces, since Korea, have subtracted 2-million men from the civilian

work force.

· Some Slack-The recent employment figures do more than just show that there are plenty of people at work. They suggest, too, that the labor supply may not become so critical as it did

But even though most of the technical jobs go begging, there is still a little slack left. The unemployed, few as they are, can add around threequarters of a million workers.

And the biggest pressure on the labor force, from the armed forces, will soon

CLEO F. CRAIG, 58, is the new president of American Telephone & Telegraph. He succeeds Leroy A. Wilson, who died June 28. Craig started with AT&T in 1913, had been financial vice-president since 1949.

stop. Any new additions will be closely matched by discharges of reservists.

• Work Week-There is still another way left to get more manpower in a pinch-by lengthening the work week. In May the average work week in manufacturing was only 40.6 hours. During 1944 the hours per week came to

If workers spent as long on the job today, it would have the same effect as adding another 1.8-million workers to

the labor force.

· Shifting-And the labor force structure still has plenty of room for some shifting around. In wartime 1943, factory employment was 17.4-million-12-million more than now, even though the labor force then had about 8-million less workers.

Now the materials cutbacks and the decline in consumer demand have paved the way for a comparatively painless switch from some civilian goods production to a stepup in arms output.

· Optimistic-Jobs are plentiful. But now you have to go to a defense plant to get them.

Factory layoffs in May were 13 per thousand workers. In April they were only 10 per thousand-and the month before that only 8. But in the industries connected with defense, new workers exceeded those separated by quits, layoffs, and firings.

• Farm Labor-But while industry will squeak by on labor supply, the farmer is wistfully watching his workers disappear-just when he needs them most to bring in the bumper crops.

It used to be that if you needed workers to fuel a boom-or a war-you could sweat quite a few from agriculture. But now, high defense plant wages have pretty nearly dehydrated the farm

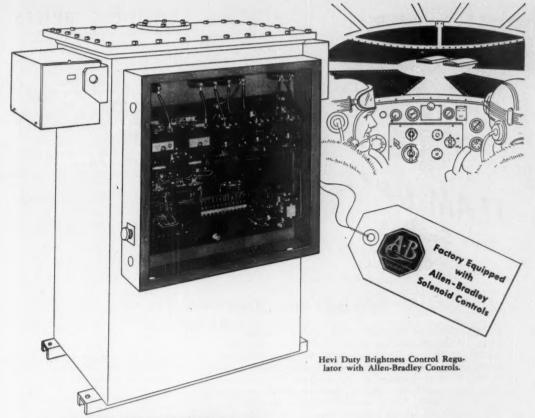
labor supply.

• Help Wanted-Even after the civilian industries give up some labor to defense industry, still more workers are

going to be needed.

Economic Stabilizer Eric Johnston estimates that another million workers will enter the labor force by the beginning of 1952. That's about three times as many as you would normally expect.

The ace in the hole is the potential of women workers. There are about 38-million women who are not in the labor force. If the boom continues, it's almost certain that the long-term trend toward an increasing ratio of women workers will be speeded up.



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#### equipped with Allen-Bradley Control Panel

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for large-area, heavy duty scrubbing. Applies the cleanser, scrubs, rinses, and picks up—all in one operation. Cleans up to 8,750 sq. ft. per hour! Vacuum performs quietly. (Powder

dispenser optional.) The machine is self-propelled. Can be leased or purchased.

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Pioneers and Specialists in

#### BRANCHES IN ALL PRINCIPAL CITIES

#### BUSINESS BRIEFS

Lustron went on the block with over \$1-million worth of unmortgaged property—everything from electric dishwashers to huge enamel baking ovens. A federal court ordered the six-day public auction to satisfy creditors' claims on the bankrupt company. The court ruled these claims had priority over those of RFC.

Big-league baseball attendance is off almost 9.5% from last year. A United Press survey showed that the National League's average per-game attendance is down 12% and the American League's, 7%.

Alcoa won't use aluminum to clad the first six floors of a 30-story office building it is erecting in Pittsburgh. DPA Administrator Manly Fleischmann asked that these floors be left uncovered to conserve the metal.

Over \$1-million in damages are sought by ABC Vending Corp. of New York from Boston's Metropolitan Transit Authority. ABC claims the authority concealed that it was planning a fare increase when it gave ABC a five-year contract to operate newsstands on the system; that the 5¢ fare hike resulted in fewer passengers and lower sales.

The March of Time news film series produced by Time, Inc., will end after the release of two films later this summer. Time will use MOT facilities to produce films for television and occasional special theatrical films.

A vast expansion of nonsked airlines is urged by the Senate Small Business Committee. In a Senate Report, the committee rebuked Civil Aeronautics Board for its "death edict," which, according to the report, "would inevitably eliminate the nonskeds within a year or two."

RCA's color TV is on the air. The company began daily broadcasts of 15-minute test programs using its all-electronic compatible system.

Steady parkers in Daytona Beach may be spared the annoyance of putting coins in meters. The city is studying a plan to sell annual parking licenses. Holders could park in a metered space and ignore the meter.

Westinghouse will build a seventh plant for its lamp division. The new plant, at Madison, Ind., will double the company's capacity for producing headlights for autos, airplanes, and locomotives.

## Growing Work Loads Need These Better Quality Valves

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## LABOR





OPPOSED VIEWS of WSB laborite Rieve (left) and industry member Keener threaten . . .

## New Labor Boycott of WSB?

Labor leaders are alarmed at the way Congress is cutting price control powers. They probably won't walk out of WSB, but they will demand a more liberal wage-adjustment formula.

Labor leaders playing ball with the Administration are sulking again. This time their peeve is against Congress. They don't like the way it is amending the Defense Production Act.

Last February the United Labor Policy Committee pulled the labor representatives off the Wage Stabilization Board in protest against the 10% "catch-up" wage formula. This action was revealed as a fight against mobilizer Charles E. Wilson's powers when two weeks later the walkout extended to labor men in all defense agencies. The complaint: inadequate labor participa-

tion in defense policies and planning.

There is talk of another walkout. But it may stay in the talk stage.

• Stiff Opposition-What will develop is some pretty stiff labor opposition to tight wage controls if Congress weaken's the government's power to hold or roll back prices. This will be expressed through labor's representatives on WSB; at the bargaining level through higher union wage demands; and by strikes.

The WSB labor members will refuse to support a formula that falls short of what they think is fair. If such a formula is adopted over their dissent, they will refuse to urge unions to observe it. When employers try to hold wage settlements to the formula, the result will be stubborn disputes, more strikes, • Alternative-The alternative to this is the public members of WSB agreeing

to a formula that the labor members will-accept and support. This is the Administration's objective because it is convinced wage stabilization will not work without active support of responsible labor leaders.

At the same time, the Administration wants to keep industry's support for WSB, and that will take some doing. J. Ward Keener, a vice-president of B. F. Goodrich Co. and an industry member of WSB, on a number of occasions has led the industry members' fight against efforts to force wage ceilings up higher.

However, the Administration feels that industry will pretty generally go along with WSB. As the government sees it, labor poses the only real threat to tripartite board action.

· Trouble Brewing-Signs of labor's balkiness already appear. Emil Rieve, head of the CIO's Economic Policy Committee and president of the Textile Workers Union, threatens that he is going to resign from the board unless the controls act is substantially im-

"I for one," he says, "will refuse to be a party to a 'stabilization program' that insures nothing except the profits of business and industry.

The AFL doesn't go that far. But in a letter to members of Congress, AFL president William Green complains that the elimination of price rollbacks "cuts out the very heart of the price control program.

• Inside WSB—Most important, the disaffection is evident at WSB itself. There the labor members are refusing the labor members are returning to discuss, seriously, upward revision of the 10% (over Jan. 15, 1950) formula—Regulation 6—until they know what Congress does to price controls in amending the Defense Act. Despite Economic Stabilizer Eric Johnston's request for a new formula as far in advance as possible before the July 31 extension of the law runs out, he won't

Instead. WSB is developing other phases of its policies and wage stabilization program. It is amending Regula-tion 5 covering individual wage adjustments and working on policies covering tight manpower situations, pensions, interplant inequities and "fringe" bene-

• Regional Directors-WSB also has appointed regional wage stabilization directors in most of the 14 regions. The regional directors will have a small staff of legal counsel and case analysts. They will have authority to approve wage-increase applications that come under existing WSB policies, supervise wage stabilization activities of the wagehour offices, decide appeals from wagehour office decisions, review wage-hour office rulings, supervise enforcement.

Employers must continue to file applications for approval of wage increases at the wage-hour offices. WSB has no authority over wage cuts.

Regional directors appointed:

• Boston-Howard B. Myers, for-

mer director of research for Committee for Economic Development.

· New York-Arthur J. White, director of the New York Regional Wage-Hour Office.

· Philadelphia-John Perry Horlacher, professor, Wharton School of Finance. University of Pennsylvania.

• Richmond-Col. George Strong, Washington (D. C.) arbitrator and, during the war, Army labor relations trouble-shooter in Cleveland and

· Atlanta-Dewitt Roberts, newspaperman and labor relations consultant.

· Cleveland-unfilled.

· Chicago-Samuel Edes, acting WSB general counsel and, during the war, vice-chairman of the Chicago Regional War Labor Board.

· Minneapolis-unfilled.

· Kansas City-Robert L. Howard, arbitrator and law professor at the University of Missouri.

Dallas-unfilled.

· Denver-unfilled.

· San Francisco-Arthur M. Ross, of the Institute of Industrial Relations, University of California.

· Seattle-unfilled.

· Detroit-unfilled.



#### Guess what he suggested

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"Here we are at the start of another hot summerand already we're falling behind. Too many people are absent. And even when they're here, the heat and humidity keep them from doing a full day's work.

"Air conditioning helps our clients boost production in their factories and offices. We need it, too!"

This is a situation you may be up against this summer. You can beat it with Carrier Air Conditioning. Records show this: where air conditioning is installed, efficiency goes up. And absenteeism goes down. It also helps attract and hold top-notch employees.

Defense needs put a premium on production. So there's a record demand for Carrier Air Conditioning

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in your locality. There is no obligation.







# Hudson Stalemate

It's not exactly a strike. Every day assembly line crews skip some operations. The line stops, the shift goes home.

Stop-and-go operations held production to a trickle at the Hudson Motor Car Co. again this week. It brought well into its second month a stalemated dispute between Hudson and United Auto Workers (CIO) over the number of men to be assigned to assembly line iobs.

*• Two Sides—The dispute developed after Hudson shut down its Detroit plant—partly because of materials shortages and partly because cars weren't selling fast enough (BW—Jun.16'51, p26). When work resumed, the company wasn't pushing for production. It assigned 94 men less to its assembly line, explaining that the 94 displaced workers weren't needed while the line was on a 40-car-an-hour schedule.

UAW objected, said Hudson should have consulted the union before reducing its work force. And anyway, UAW charged, the reduction wasn't justifiable—the workers left on the assembly line can't keep up with it without working too hard and omitting some operations.

Since then, over a period of a month, shutdowns have occurred daily-from 15 minutes to three or four hours after the start of the day shift.

• Sent Home—It usually happens this way: Workers report on time, and the assembly line starts moving. The "overworked" assembly line crew skips some required operations. After two or three hours of this, the company orders the line stopped and sends the shift home—charged with failing to do the required work.

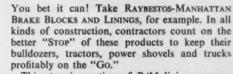
• Disagreement—The dispute is kept alive by disagreement over procedure for a time-study on the line. UAW demands that the full pre-shutdown work force be used in the study. Hudson insists, just as adamantly, that the study be made with the smaller work force assigned to the line after the shutdown.

At one point in late June, it looked like some progress was being made toward a settlement. Time-study men began running a check on one unit of the assembly line. But they had to break it off when the plant shut down after about three hours. Since then, shutdowns generally have occurred too soon to get a time study going.

Vicious Circle—As long as the time study can't be made, the argument seems bound to continue. And as long as the argument continues, with its

# Can STOP mean GO?





This stopping action of R/M linings assures faster, safer operation of the many mechanisms on this widely diversified off-the-road equipment. Construction engineers depend, too, on many other Raybestos-Manhattan products—clutch facings; air, water, suction and radiator hose; conveyor, V, flat transmission and special purpose belts; gaskets and packings—for everything from air compressors to giant draglines and graders.

This same dependability is why more cars, trucks and buses use R/M brake linings, clutch facings and engineered automatic transmission parts than fany other make. But R/M's diversity is by no means limited to these STOP-AND-GO products. Almost every industry, indeed almost every individual, is served by something R/M makes. For any of these construction or automotive products, or for asbestos textiles, mechanical packings, gaskets, abrasive wheels or other specialized asbestos and rubber products, consult an R/M representative. Raybestos-Manhattan, Inc., Passaic, N.J.

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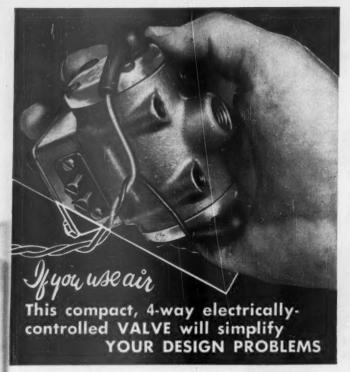


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daily stoppages, no time study can be

What keeps the impasse unbreakable? On the company side, Detroit whispers that Hudson is under no great pressure for production, that sales are being made from inventories. Management then is under no pressure to accommodate the union's position—and it does have the incentive to use this opportunity for making its operations more efficient.

• Determined—On the union's side, UAW has a fixed policy against unnegotiated work reductions of any kind. It figures that if it once retreats without a fight it might be faced with more and more unilateral cuts in auto assembly line crews. So it is sticking firmly to its refusal to negotiate a settlement in the Hudson dispute—through a time study—except on the basis of the original work force.

Meanwhile, Hudson's UAW workers recently voted to authorize the union to call a full-fledged strike against the company. Almost half of the company's 10,000 UAW employees voted 7-to-2 for a walkout "when and if necessary" for a settlement.

## UE at Westinghouse Settles for IUE's Raise

The left-wing United Electrical, Radio & Machine Workers temporarily has given up its fight to beat CIO wage terms at Westinghouse Electric. Last week UE signed, in a wage reopening, for the same 9¢-an-hour raise won by the rival International Union of Electrical Workers (CIO) a month ago (BW-Jun.16'51,p35).

The 9¢ raise for UE's 30,000 Westinghouse employees must be approved by the Wage Stabilization Board—a routine matter since WSB already has O.K.'d the same amount for other Westinghouse workers.

 Not All Peace—While the IUE settlement insures a continuing peace with Westinghouse, the new UE agreement doesn't.

IUE agreed to a one-year extension of its contract with Westinghouse, to Oct. 1, 1952; it got in return a modified union-shop clause.

UE ignored all except wages in its reopening—and refused to give up its late-1951 contract expiration date.

So Westinghouse and UE negotiations on union demands for "improvements in the contract itself" are due to start in August.

due to start in August.

UE plans to ask for "a real wage increase" then, calling the 9¢ it got last week only an interim settlement. It also will ask Westinghouse to end geographical wage differentials and differentials in rates paid women workers.

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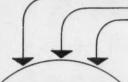
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1 THE OLD-FASHIONED SMITHY is gone-and with it the blacksmiths' union. Both were victims of the changing times. Now .



3 UNSHAPED BLANKS are cut from the hot metal rod . . . 4 SHAPING MACHINE bends blanks to fit the horse's hoofs



# Technology Elbows Out a Union

The village blacksmith and his oncepowerful union are no more. The smithy under the chestnut tree has given way to the modern filling station.

That's part of the reason for the merger this month of the Blacksmiths, Drop Forgers & Helpers (AFL) and the Boilermakers, Iron Ship Builders & Helpers (AFL). Hard hit by the march of progress, the two venerable

unions combined resources. They now make up the International Brotherhoods of Boilermakers, Iron Ship Builders, Blacksmiths, Forgers & Helpers (AFL).

• Hay and Steam—Actually, it was the iron horse that did in the blacksmiths. The decline in jobs for blacksmiths on the railroads weakened their union far more than the permanent pasturing of old Dobbin. Carriers now use 25,000 fewer blacksmiths than they did

a decade ago. Peak strength of the blacksmiths union came in the heyday of the old steam locomotive that needed a lot of maintenance work to keep it running (BW-Mar.3'51,p124).

Moreover, the blacksmiths' union complains that the "technological evolution of industry has adversely affected the blacksmith craft to a greater extent than any other." Are welding has taken forging work away from black-



2 FACTORY METHODS starting with hot metal rods replace old work.



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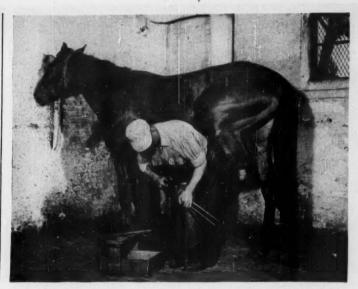
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FINAL STEP of nailing new shoes to hoofs is still unchanged-but it's safer now that clean quarters mean less flies. Flies were a job hazard for the smith.

smiths, and improved production methods have cut into other traditional blacksmith jobs.

At the same time, jobs that are left have been changing. Today's blacksmith works on copper, brass, aluminum, and steel-as well as iron. Instead of horseshoes, wagon "tires" and axles, and locomotive parts, the smith now busies himself with such things as microscopic surgical instruments and giant crankshafts weighing as much as

Ask the average smith today to make a horseshoe-or shoe a horse-and he wouldn't know how to do it. Few horseshoers are left-at the most, 500 among the blacksmiths' 25,000 mem-

Yet, in the beginning, the blacksmith was a horseshoer.

· Horseshoers' Union-Back in the horse-and-buggy days, horseshoers organized the Journeyman Horseshoers' National Union. That was in 1874-15 vears before the formation of the blacksmiths' union in Atlanta, Ga. The horseshoers' union is now in AFL and reports 200 members in 12 localsmostly in racetrack towns.

The blacksmiths' union doesn't include horseshoers in its jurisdiction, as outlined in its constitution. But because the blacksmiths in the early days had a horseshoer background, their union contains many in its member-ship. Old-timers recall the days when union officials made regular union calls in the smithies.

· Back to the Chestnut Tree-In the old days, large smithies were in barnlike buildings, small ones were in shantylike structures. They were wooden, of course, with hard-packed dirt or plank floors.

The forge was built of brick against a wall. A long handle extended from it. The smith pumped it with one hand, thus operating the bellows that forced air into the bottom of the forge to increase the heat.

The anvil was just a step or so from the forge, usually within easy reach of the bellows handle. Near the anvil, the smith kept a barrel of water for cooling red-hot shoes. Usually he had a vise mounted somewhere near the anvil.

There was plenty of dust and dirt -and almost always manure swept into a pile in the rear of the shop. Flies were thick-which didn't help the smith when he had to shoe a fractious

Generally, the smithy was a two-man shop. The smith usually had an apprentice, who worked four years learning the craft. His job included helping with the bellows, tending the fire, sweeping up, and eventually using the heavy sledge hammer on the hot iron from the forge-doing the rough work of preparing the shoe.

Shoes were made of wrought iron. Usually, a horse's old shoes-worn out in the "toe" or rounded part-would be melted down with fresh wrought iron, and new shoes made. The smith got \$2 for making and putting on a set of four shoes in the old days. Now the few who are left get \$9 to \$11 a set.
• Factory-Made Shoes-Today's horse-

shoe shops have electrically operated



conditions of heat or cold, stress, strain, or wear. For example: Crucible high-speed tool steels are in the whirring machines that cut and shape the toughest metals; Crucible hollow drill steels work around-the-clock digging mines and quarries, and Crucible stainless steels put a sparkle with a purpose in our kitchens.

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bellows, and the smiths seldom make the shoes they use.

Shoes aren't what they used to be. Race horses wear special 4-oz. iron or aluminum shoes. Many other horses, particularly city horses, wear shoes of hard rubber; these aren't so noisy.

Old-fashioned horses that still wear iron shoes can be fitted with readymade, mass-produced shoes. The Phoenix Mfg. Co., in Joliet, Ill., turns them out at a rate of 8-million a year (pictures, pages 38-39). They're sized to fit various hoof measurements, have turned heels and calked toes. All the horseshoer has to do is fit a shoe and drive in seven nails to hold it on. That's still a ticklish job. A careless shoer can "quick" a horse—drive the nails in at the wrong angle and lame the horse.

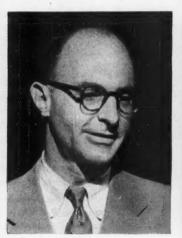
 Forging Came Next—Horseshoeing began to slow up in 1915. Many smiths turned to jobs opening up on expanding railroads.

When mass-production industries began using forgings in big-quantity lots, small forge shops closed. The smiths took better-paying jobs in industrial plants, became closely identified with the new industrial-worker groups. (There are about 125,000 smiths today, and most are unionized-but in such unions as CIO's auto and steel unions and AFL's machinists union rather than in their original craft union)

 Last Stand—The last stronghold of the horseshoer is at the race track.
 Otherwise, not many horseshoers can be found.

Of some 700 union horseshoers in this country, more than half are employed at tracks. Most follow the bangtails, setting up portable forges and anvils wherever horses are running.

Whatever happens to horseshoeing, it won't fade away completely. James F. Kelly, for 41 years a blacksmiths' union officer, takes a little heart from that. "There'll always be horseshoers as long as there is any sporting blood in the country," he says. "The sporting element wants races, and you can't have horse racing without blacksmiths."



Michael Harris



Iean Cattier

## Labor Man Takes Over From Diplomat-Financier

Officials of the government of Western Germany may be slightly confused this week by American ways. Michael Harris succeeds Jean Cattier as chief of the ECA mission to the Federal Republic of Germany. The confusion could result from the sharply contrasting backgrounds of the two American administrators.

Harris, a relatively new type of international representative for the U.S., made his mark in the labor movement. A shop worker from Boston, he became an officer of AFL's Pocketbook Workers Union before he was 20, then joined CIO's steel union at its formation and rose to the position of Philadel-

phia district director in that organization. He left his union job to go to Sweden for ECA. Assignment to the German post is a promotion in recognition of distinguished work in the foreign-aid program.

Cattier is from almost as far as you could get on the other side of the tracks. Belgian-born of a family of diplomats and financiers, he is a noted arbitrator, an expert in international finance. He is a senior partner in the Wall Street investment banking house of White, Weld & Co. When he gets back, after turning his office over to Harris, he will resume direction of White, Weld's foreign department.

## LABOR BRIEFS

New contract signed last week by Gulf, Sinclair, Pan American, and other tanker-ship lines gives CIO seamen the same terms agreed on recently by occan-shipping lines: 8% raise, shorter work week, increased vacation benefits (BW –Jul.7'51,p30).

A c-of-I raise amounting to 11¢ an hour will be paid by Thompson Products, Inc., to 13,000 employees in two Cleveland plants—if WSB approves. Company and its independent union negotiated the raise, which is based on BLS' consumers' price index.

UAW's answer to John L. Lewis' needling of its top officers (BW-Jun.30'51, p32) describes Lewis as "an embittered, petulant, and argumentative minor public figure" whose "future as a labor leader is behind him."

Vacation without pay is the same as a layoff under Massachusetts' unemployment-compensation law. So when Worcester plants shut down for plantwide vacations this month, the local jobless-pay office had to work overtime registering workers facing one, two, and three payless "vacation" weeks.

A summer resort with a mile-long lakefront in Ontario, Canada, has been bought by CIO's chemical workers. The union will use it in recreation and educational programs for its members.

Production stops on Aug. 4 at Republic Aviation's Farmingdale (L. I.) plant while all but security and maintenance employees take a two-week vacation.

In-plant feeding problems are discussed in a free 40-page booklet, "Feeding the Factory Worker," released this week by the Paper Cup & Container Institute. It's based on a recent survey of 240 plants ranging from less than 1,000 to more than 10,000 employees.

The smock dispute, which at one time idled 32,000 Chrysler workers (BW-Jun.9'51,p40), apparently is now a closed issue. An arbitration award upheld the discharge of three shop stewards who, the award said, did nothing to prevent the tieup, although the contract bars strikes. Workers still won't wear the smocks—but they've quit protesting the lack of protective clothing.

A jackpot prize is offered by the Chicago Newspaper Guild at each meeting in an effort to spur attendance—which had slumped, partly because of TV, to 10 to 15 members of a possible 500.



# Do defense contracts bombard you with paperwork?

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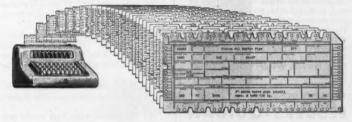
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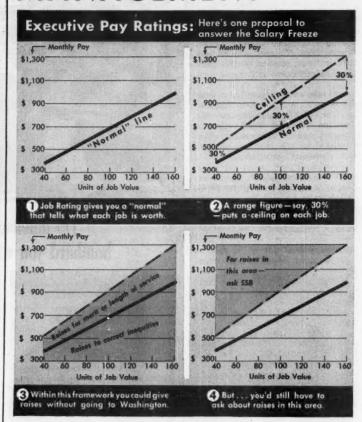
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# MANAGEMENT



# Rating May Melt Pay Freeze

SSB approval of job evaluation plans would open way to salary boosts for executives. But businessmen go slow about using a formula for officers' pay.

These charts give a rough idea of how some companies hope to use job evaluation to take the frost off the salary freeze for their management people.

If the newly organized Salary Stabi lization Board (BW-Jun.30'51,p38) gives the go-ahead on new job evaluation plans, companies are going to be able to:

 Wipe out salary inequities—always a problem under a freeze order at one crack.

(2) Set ground rules that would permit prompt pay raises for merit and length of service without jockeying each case through Washington.

 Not a Novelty—Job evaluation is nothing new. It's just that the wage freeze makes it look more attractive as a method of systematizing salaries.

The term means just about what the name implies. A company can put a price on a job that corresponds in value with all other jobs included in the evaluation plan. A salary range—usually 25% to 30% from minimum to maximum—is added for merit and service raises.

• Bosses Uncovered—Up to now, most job evaluation plans have applied only to hourly rated employees, not to executives. The American Management Assn. surveyed 220 companies, found only 93 with job evaluation plans covering executive positions. Of the 93, only four took in the president, only five the vice-presidents. Nineteen included everybody except corporate of-

ficers. The rest stopped somewhere short of that.

There are two chief reasons for this foot-dragging when it comes to extending job evaluation to higher-paid employees. Businessmen:

• Doubt that you can measure executive work by an arbitrary standard.

 Say many managerial positions are important because of the particular man in the job. In other hands the same job loses some value.

To answer these arguments, management consultants point to evaluation plans already in successful use by topnotch companies. Satisfied users include Ford Motor Co., Armstrong Cork Co., General Foods, Dravo Corp., Standard Oil of Calif.

 Made to Order-Unlike hourly rated job evaluation, the executive plan usually has to be tailor-made for each company. But the basic principle is the same.

Any job evaluation takes:

 A job description. Executives usually set down a description of their own jobs, using a questionnaire as a guide.

• A yardstick or rating scale that puts the same value on those portions of different jobs that are the same. It may give points for responsibilities over people, assets, labor relations, safety.

• A management committee (or special job evaluation engineers) that has the final say on how each job is

rated.

A salary structure, with minimums and maximums for each group of jobs. This is based on present rates of pay in the company, the industry, and the locality.

The trick in all this is the method of rating. There are probably as many methods as there are management con-

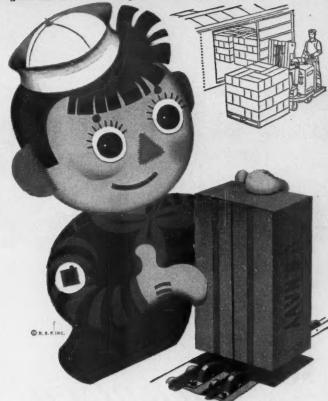
Whatever system is used, you wind up with something like the job evaluation chart on page 44. Best advice among experts today is to work out exceutive plans separately from ratings on other jobs.

 Opinions Differ—Is job evaluation a good thing? Many businessmen regard it as another step forward in scientific management. And if the salary freeze promotes executive job evaluation, management consultants will naturally be even happier.

Some management men, though, don't like the idea of putting fixed prices on executives, regardless of any short-term benefit. They point to a few potential drawbacks:

 Any system that rates a man, even in part, on the number of persons or company assets he controls could invite empire-building.

 A good man not quite ready for promotion could be lost to the competition unless a salary boost keeps him• "you name it...I helped make it!"



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"... Without any plan you must argue each case ..."

EVALUATION starts on p. 44

yet a big raise would crack a job-rated ceiling wide open.

 Then there is the man perfectly suited to his job who reaches his maximum salary. His raises must stop unless his company ignores the rules.

• Waiting for SSB—All this is academic at the moment. It isn't at all certain that SSB will agree to new plans.

Under Regulation 5 you can give raises for merit and length of service, using job evaluation plans that were in effect on Jan. 25, 1951. Raises merely have to stay within the top ceiling of each job group and conform to the plan's percentage or dollar figure for such boosts.

Without any plan, you must argue with Washington or regional offices on any raise that goes beyond the 10% pay boost permitted since January, 1950. The burden of proof rests on management—and it is easier to win with an evaluation system than without.

Pending SSB decision, at least one company, Fisher & Rudge, management consultants, already has filed an executive job evaluation proposal for a client. It expects eventually to squeeze this plan through Washington. In Buffalo the rubber division of Hewitt-Robins, Inc., has just started job evaluation for its entire organization. It will take several months, but it will be the basis for salary adjustment requests to SSB.

• War Baby-Job evaluation got a big impetus in World War II, though only for hourly rated employees. Treasury Dept., which ran the higher-salary freeze, had to be sold on the idea. It wasn't till 1944 that Standard Oil Co. of California convinced the Treasury that its long-standing system could be used to grant pay boosts.

Under Standard's plan, one of the first, all salaried personnel (not including corporate officers) fall into 14 groups. Twice a year, in May and November, department heads review salaries for merit raises. By rule of thumb they are limited to between 5% and 10% for each salary increase.

Once a man hits the top, he gets no more without a promotion or a reclassification of his job. Job evaluation engineers continually check each position to be sure its rating hasn't been changed by company practice.

• May Be Wise-The argument for

 May Be Wise—The argument for systematizing salaries boils down to this: Companies that already have plans, such as Standard Oil of Calif., are taking the salary freeze in stride. Those that don't have such plans may be wise to study the idea in case SSB agrees to accept new plans.

46



## maybe HE could do it - without trucks...

You've heard the tales they tell up in the lumber camps of a man so big he picked his teeth with pine trees. A man so colossal his footprints created the northwoods lakes . . . a man named Paul Bunyan. He, of course, could handle logs like matchsticks. But for practical purposes Paul Bunyan had one serious weakness—he never existed.

Real men move timber today in quantities that would have astonished even Paul Bunyan, and they do the job quickly, dependably and at low cost—by motor truck. Nowhere is the importance of America's most useful tool more vividly illustrated than in

the lumbering industry, where trucks follow the job through from the standing tree to your very doorstep.

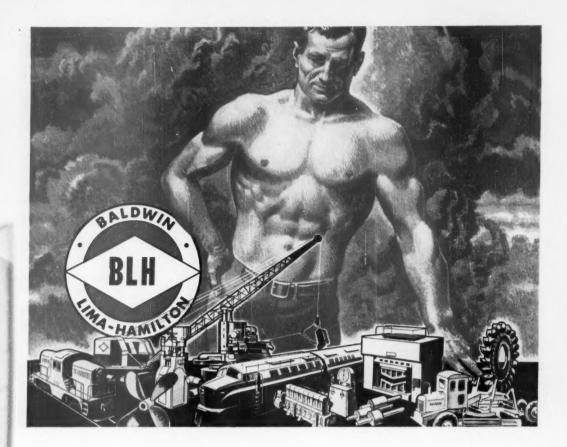
This extreme versatility is one big reason why trucks are so important to every industry. Wherever you find them, look under the best trucks—the



most dependable trucks—and you'll see Timken-Detroit Axles.

Trucks have come a long way in a generation—and much of their progress has flowed from the drafting rooms, the testing laboratories and the production plants of The Timken-Detroit Axle Company. The more than forty years devoted to this task amply justify today's high position of Timken-Detroit Axles and Brakes—"The Accepted Standard" everywhere.

WORLD'S LARGEST MANUFACTURER OF AXLES FOR TRUCKS, BUSES AND TRAILERS PLANTS AT: DETROIT AND JACKSON, MICH. • OSHKOSH, WIS. • UTICA, R.Y. • ASHTABULA, KENTON AND NEWARE, Q. • NEW CASTLE, PA.



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In industry's laboratories; on her production lines; on the world's railroads, as on her endless shipping lanes, you can find products and services associated with Baldwin-Lima-Hamilton. Baldwin-Lima-Hamilton engineering started generations ago with names like Southwark, De La Vergne, I. P. Morris, Baldwin, Whitcomb, Pelton... others. The accomplishments of these men form the foundation for the Baldwin-Lima-Hamilton of today.

Thus, with us, fine engineering is both a heritage and a challenge. During the years ahead, as in the past, we shall continue to strive for efficiencies in methods and improvements in products for industry. We stand ready to serve you and invite your inquiries.

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# Suggestions Aren't All Funny

Cartoonists batten on plant idea boxes, but plenty of companies find that a little effort makes them pay off richly. Dissenters say all they get is wisecracks.

Probably no other management practice has been the butt of so many cartoons as the company suggestion box.

Cartoons or no, the boxes are the darlings of some management consultants. And for every company that sneers at them, you're likely to find another one across the street that thinks they're wonderful.

 Dividends—Those in favor all say this: To have a successful suggestion system you have to work at it. And you have to spend money. If you do both, your system will pay dividends in increased efficiency, and in hard cash, too.

The antis respond with a loud "phooie." They say that all you get is trouble, alleged humor, and outgoing money.

A big Western oil company abandoned the suggestion box over 10 years ago. All it ever got were wisecracks like: "Fire the president," and "Cut management's pay." (This company now hires a team of idea men who do nothing but dream up the things that would normally flow from the suggestion box.)

Another big company tucks the boxes in dark corners, hopes they will draw nothing but dust. The reason: "They create too many problems. And you're more likely to get ideas like this: 'Let's have a symptomy pool.'"

have a swimming pool."

• Gave Up—The Budd Co. admits that it tried the system some years ago, then dropped it. All it got was gripes. Plenty of other companies have become

soured, too. But not all, by a long shot. The numerous management men who swear by suggestion boxes have answers for just about every hostile argument:

 If a company doesn't get enough suggestions, it may be management's fault for underselling the system.

 If a plan causes dissension, correct the trouble by keeping suggestions anonymous until awards are made.

 If workers say the awards aren't big enough, start giving winners a percentage—anywhere from 10% to 50% —of the savings that the idea produces in its first year.

All these wrinkles have been thought up by experts who say that the biggest thing of all is for management to work steadily at any plan it adopts. Two very big companies agree. They've had suggestion plans fail in the past and are now groping industriously for the right method.

• Does It Pay?—Many companies complain that suggestion systems take too much time and money for too small a return. That isn't necessarily so. Some companies, which keep detailed records, are certain that they end up well ahead both in money and goodwill.

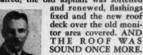
United Air Lines, Inc., puts out an elaborate annual suggestion box report. Last year it figured tangible cash benefits at \$180,832. Intangible benefits were figured at \$101,000. Awards amounted to \$29,050, administrative costs \$31,260, investigation costs (at \$5



# Condemned Root

Just 11 years ago the Standard Tube Co. Ltd. of Woodstock, Ont., condemned their roof to death. It was leaking. It was "a headache". Peter Heck of Tremco was called in to say the last rites but he pulled a surprise—he gave the condemned roof a reprieve.

Steps were taken at once by the company's own men under the direction of Heck to restore this roof. Blisters were repaired, the old asphalt was softened and renewed, flashings



Peter Heck didn't forget the roof

Tromco Man after that. A regular Spring and Fall check is made of these roof areas by the Tremco Man without cost, solely to protect the interests of the building owner! In 1944 the roof was re-treated and has not been re-treated until now. Think of it—low cost spot and overall repairs made this roof last 11 years longer, and there is still plenty of life in the old roof yet!

#### TREMCO ROOF PUMP SAVES ON REPAIRS

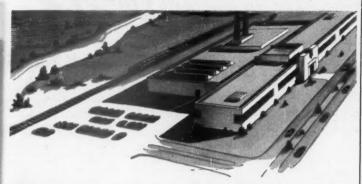
Available for rental, the Tremco roof pump delivers resaturating materials right; to the brush from ground to roof with great savings in time and money. Ask your Tremco Man about this remarkable pump and how it saves for you. Write The Tremco Manufacturing Co., Cleveland, Ohio.







## DANGEROUS CONGESTION or ACCESSIBLE ISOLATION



# Which will you choose?

North Carolina offers far more than dispersion for industry in the Atomic Age. Here in the most progressive state in the Southeast you will find an ample supply of skilled, native-born labor living for the most part in rural areas, but enjoying urban advantages.

Here, too, are a number of available water sites and buildings in relative isolation yet convenient to major markets and raw material sources, and with ready access to economical power and industrial fuel.

For information about the State that offers you "Relative Isolation With Maximum Accessibility To Major Markets," address Room B-24, Division of Commerce and Industry, Department of Conservation and Development, Raleigh, North Carolina.



a suggestion) \$29,080. United reckons it came out ahead by more than \$190,-000.

 Publicity?—Gladding, McBean & Co., Los Angeles pottery and refractory concern, has had similar success for the last two years, with 14 boxes scattered through the plant.

Winners' pictures are posted, and the company has bought space in the local labor paper to publicize awards. Biggest payoff: \$1,835.

All this cost money, but it also saved about \$27,900. For 242 suggestions adopted, Gladding, McBean has forked over \$10.861.

• Promotion—Stewart-Warner Corp. is another example. Its first attempt about 10 years ago in Chicago flopped. In 1944 it tried again. Now management is enthusiastic. First-year savings since 1944 now amount to \$681,000. Awards total \$128,388.

Stewart-Warner credits its success to sales promotion. One worker turned in so many ideas that they made him suggestion box secretary, in charge of the whole program.

You can find plenty of other companies that lean heavily on suggestion systems. Here are just a few BUSINESS WEEK ran across recently:

 Ford Motor Co. started its plan in 1947. It runs alongside a management proposal system for supervisors. The latter pays off in notations clipped to employment jackets, a big factor in promotion. Nonsupervisory employees get cash awards—as high as \$1,500 per idea.

• General Motors Co. put suggestion boxes to work in 1942. The harvest: 145,000 ideas, one out of four usable. So far, GM has paid out \$5,740,000.

• In Cleveland, a company that prides itself on its system got 776 ideas from its 31,100 employees in 1950. It pays on about one out of three (which seems about average, if the system is really working). Recently, a production man walked away with a \$28,000 award for an improved method of handling cores for shell casting on a government job. The personnel manager calls the system a powerful employee relations tool. At \$28,000, he is probably right.

 RCA-Victor has suggestion boxes in all its plants. Like Philco Corp., it splits the program into separate plans for factory and office workers.

 On the West Coast, the Bank of America has used its present plan since 1945. Suggestions are mailed to a Junior Advisory Council, which looks them over, recommends acceptance to top management.

• Allis-Chalmers Mfg. Co. started using suggestion boxes in 1939, now gets about 600 ideas a year. Some 40% to 50% are accepted and paid for; 5% are considered top-notch.



# You'd wait a <u>long</u> time for this daily train to pass!

Every day this nation's cross country gas pipe lines deliver about 19 billion cubic feet of natural gas. That is equivalent in heat energy to a coal train 20 thousand cars long! Imagine!

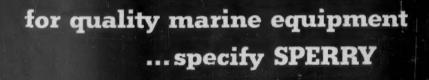
This gives you an idea of how our industry and homes depend on gas... and on its amazing network of coast-to-coast pipe lines that today comprise one of America's major fuel distribution systems. Still, we're not delivering nearly enough gas to do all the important jobs for which this low-cost fuel is so critically needed.

Recognizing this, the men who head up America's over-all pattern of defense production are clearing the way for expanded pipe line facilities—new lines, increased capacities, and the additional power needed to push the fuel from the producing fields to wherever it will do the most good!

Ever since the start of the gas industry, Cooper-Bessemer has specialized in building the huge gas engines that power the hundreds of pipe line compressor stations. Today we're building them at a greater rate than ever before . . . better than ever before because of the new ideas constantly being worked out and applied by one of America's oldest engine builders.



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1 Radar Indicator. On its 12-inch viewing scope, radar operator gets sharp presentations on range scales from 70 yards to 30 miles . . . a choice of either true or relative bearings. Sperry Radar meets the most exacting requirements as an aid in piloting, as a position indicator and as an anti-collision device.

2 Loran Indicator. Direct-reading time-difference indicator makes operation of loran simple and quick, and prevents errors. With Sperry Loran the navigator can get his position in a few minutes at any time, day or night, in any weather. Automatic frequency control aids in positioning signals and prevents their drifting.

3 Master Gyro-Compass Cemponents. Sperry Gyro-Compass provides accurate, true-North indications essential to the economical navigation of a ship. Besides giving true courses, the Gyro-Compass, by means of accessories, provides data for operating automatic steering equipment, recording the vessel's heading and presenting true-heading information for radar and bearing repeaters.



4 Gyro-Pilot Stand with Steering Repeater. With automatic straight-line steering, the Sperry Gyro-Pilotor "Metal Mike" contributes directly to economical ship operation. Steering straight courses with the aid of the Gyro-Compass, this equipment uses only a small amount of rudder, thereby minimizing wear on the steering gener.

5 Course Recorder. Operating on a repeater circuit from the Master Gyro-Compass, the Sperry Course Recorder makes a graphic record on a time chart of all angular movements in azimuth of the ship's heading. This equipment is often used as evidence in maritime court cases.

BEESSERG SPESSEESE

6 Rudder Angle Indicator. This selfsynchronous indicator provides a continuous, instantaneous indication of the shio's rudder position.

FEEGGEGEFFEEGGEG

7 Gyre-Compass Alarm Unit. This equipment audibly indicates failure of power supply to either the Master Gyro-Compass or the repeater compasses.

8, 9, 10 Repeater Compasses.

As many repeaters as desired can be operated from the Gyro-Compass and its components. These repeaters are designed to improve the facility and accuracy of navigation by providing the helmsman with conveniently located and efficient references for steering.

14 Radar Scanner.

15 Radar Transceiver.

16 Radar and Loran Motor Generator.

17 Rudder Angle Indicator.

18 Rudder Angle Transmitter.

19 Gyro-Pilot Power Unit. 20 Gyro-Pilot Control Panel.

21 Rudder Angle Indicator and Gyro-Pilot Dynamotor.

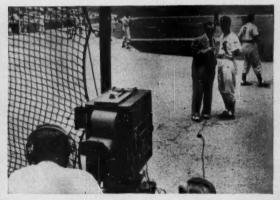
11, 12, 13 Bearing Repeaters.
Operating from the Master GyroCompass, bearing repeaters are conveniently located for the navigator to
take bearings or sun azimuths.

Sperry marine instruments not shown above include electrical, mechanical and hydraulic steering systems, and an automatic steering system for smaller craft.

# SPORTS



TICKET SALES provide biggest share of gross take. Sox management hopes 1951 team will draw a million fans for first time.



TV RIGHTS bring club coffers another \$125,000. Pregame byplay brings third baseman, Bob Dillinger, before TV camera.



HOT DOGS, beer, and peanuts in fans' stomachs mean another \$200,000 in Sox pockets. Fans may average more than \$1 a game.

## Revenue: \$2,000,000



BRASS and office staff draw around \$200,000. Vice-president Charles Comiskey (left) watches game with general manager Frank Lane, who draws \$35,000 of it.

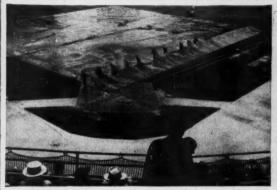
# White Sox:

If you ask a baseball fan the batting average of any first-stringer on his team, chances are he'll reel it off without batting an average. But ask him anything about the business end, and he'll bat .000. The average outsider figures that if a team does badly on the field it is also doing badly in the till. He'd be surprised to hear that carnings of teams don't scale down in the order of their standing in the leazue.

The fan generally doesn't look at baseball as a business; it's a game, a show, maybe even a religion. That's why at the end of the 1948 season everybody



PLAYERS-25 of them-plus four coaches and manager Richards will take around \$500,000 as their share of team's revenue this year.



MAINTENANCE and similar expenses run another \$200,000. Here ground crew removes tarpaulin laid down to keep infield dry.



VISITING TEAMS take home 29¢ out of every ticket sold for the games. Lights boost weekday attendance, so everybody gains.

Expenses: \$1,700,000

# Hot Team Can Net \$300,000

expected the Chicago White Sox to fold up their bases and steal away. They had finished in the American They had lost about two-thirds of their games, and everybody figured they were close to being on the rocks. It was even rumored that they were going to be sold out of the Comiskey family, which had owned them since they were born.

· Cinderella-It didn't work that way. This season they have astounded everyone from fans to sportswriters and have spent more than a month in first place. Chicago has gone wild over the team. The Sox are headed for their first million-attendance year. A whole string of home games are sold out a couple of months in advance. The Sox are the Cinderella sports story of the year.

Last week, when the Sox dropped down to second place, behind the Yankees, nobody was terribly surprised. Neither the Sox management nor any but the team's most rabid fans really expect the team to win the pennant. But they figure the team will wind up in the first division (the top four places) in the league, and they are sure the Sox will do even better next year.

They are also going to make more money than in recent years. Not that they've been losing it by the barrelful. No ball club hands out figures like a publicly owned corporation, so nobody can say for sure how the Sox have been doing. But their general manager, Frank Lane, who took over after the disastrous 1948 season, says he was surprised to find that they had been managing to keep their head just above water. Even in the worst years they have generally made enough to provide the owners with a living.

• Lean Years—The Sox made out all

right during their lean years because

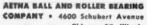


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Call your nearest Astna distributor or write us today. It might be your best protection against the challenge that faces the machines you use or the machines you make.





"... The team looked like a cinch to win . . ."

WHITE SOX starts on p. 54

they played it close and economical and because they have a bedrock foundation of loyal fans, but there are plenty more fans' dollars to be had if the team is a winner.

When the 1948 season ended, 23-year-old Charles Comiskey II, grandson of the team's founder, took over as executive vice-president. It was time, the family figured, that the Sox started building a new team to end an era of mediocre play and profits. Comiskey picked Lane as general manager, gave him a five-year contract at \$35,000 a year, and told him to start spending money to get a winner and thus make more money.

· Black Sox-The first winner the Sox ever had was in 1901 when the team became a part of the brand new American League. The club was founded in 1900 by Charles A. Comiskey, a Chicago boy who had been a pro ball player. In 1910 Comiskey opened Comiskey Park, the club's present home field, which seats 47,000 and stands 6,000 more. It cost \$500,000, which wouldn't buy more than peanut stands and bleachers today. By 1917 he had built one of the best teams in history. The Sox won the pennant in 1917, dropped back in 1918, and then came through to win again. The team looked like a cinch to win the 1919 World Series.

But the Sox lost in a badly played series to the Cincinnati Reds. A year later the reason why they lost finally came out: "Black" Sox scandal. Eight of the top stars had made a deal with New York gamblers and had thrown the series. The evidence was overwhelming, and the eight were indicted. Comiskey immediately suspended them. Sympathetic juries twice acquitted them, but the late Commissioner Landis banned them from the game for life.

Neither Comiskey nor the team ever got over this loss of such great players as Shoeless Joe Jackson and Eddie Cicotte. The 1919 team was the Sox' last pennant winner. They were second in 1920, even without the lost stars. In 1936, 1937, and 1941 they managed to finish third.

• Ups and Downs—No ball club really makes what a businessman would call big money. Revenues can run from around \$1-million up to about \$3-million. And earnings may range from red ink to \$500,000 in a terrific year.

You can break down the operation of a ball club into three parts: (1) winning games, (2) giving the fans a show, and (3) making money. A team that wins games and puts on a good show can be pretty certain of drawing pay-

ing fans. But it has to spend a lot of money to do it.

Lane had to build a brand-new team.

The one he inherited, he says, was made up mostly of old-timers who were paid too much and were wearing out. He figured that, if he could bring in a lot of new young blood, his team could win ball games, look good winning them, and draw crowds. He also wanted young players because he could pay them less and use raises to keep them interested in doing more than just getting by:

• Reserve Clause—A ball club has a big advantage over any other kind of business when it comes to paying its players. Once a player has signed a contract, the option for renewing rests only with the club. There are some qualifications, but they aren't too restrictive. The club can pay him what it wants to—though it can't cut his pay more than 25% after any one season. It can sell his contract anywhere in organized baseball without his consent.

This is made possible by a little legal device known as the reserve clause. The player—if he doesn't like what he is being offered—can quit baseball, but he can't sign with any other team. A team, therefore, will pay him enough to keep him playing. But it doesn't have to pay him what some other, richer club might offer.

The reserve clause is currently under fire because it creates high-priced peons. But without it, baseball would probably be ruined, because the rich clubs could buy all the top players, leaving the poor clubs nothing. Congress plans to investigate the situation in the hopes of finding some way of exempting the clause from antitrust and other laws it seems to be violating. The clause will probably survive.

• Farm Systems—There are several ways to acquire ball players. A club can grow them on a farm club—a minor-league team either owned or dealt with by agreement. Players' contracts can be bought from other teams. Prospects can be signed directly from school or off the sandlots. And players may come through trades with other clubs.

The Sox own two minor-league clubs and have working agreements with six others. These agreements generally allow a club to send its players to the farm for ripening and to call them back whenever it needs them. For this a major-league club pays cash.

• Trades—Lane doesn't want to rely too heavily on a farm system. He points out that few minor-league products ever get good enough to be major leaguers. Only three of this year's Sox came from Sox farm teams. One was bought from another farm system. Most of the new players have come from a series of trades. A trade

may be a simple operation where you give somebody a player you don't need and he gives you one he doesn't need. Generally, thought, it's more complicated. You have to consider how much damage one of your players can do to you if he turns up as an opponent. You may have to sacrifice future prospects to get a player who can win games immediately. That kind of thing often occurs when a team with a chance at the championship trades a promising young star for a reliable old one.

You may want something from another team, but not have anything to offer in return. In that case you may have to make a side trade with some third team to get trading material so you can bargain for the man you wanted originally. That kind of situation gives rise to the elaborate three-way trades that occur in the major leagues

 Building Winners—By the time Lane was through with his most recent trade he had stripped the team of all but three of the men he had inherited. He had also spent a lot of the company's money for new players, but he was getting what the company wanted, a winning team.

There are various kinds of winning teams. One is a slugging team. That's a team that hits a lot of doubles, triples, and home runs. There isn't much a fan would rather see than a home run.

 Speed Pays Off—There's another kind of baseball that the fans are anxious to pay to see. It involves tricky base running and lots of speed. Lane decided to build that kind of team.

Comiskey Park has one of the largest playing fields in the majors. Lane figured that if he could put together a team that could stop lots of batted balls in his own park—where the team plays half of its games—he could win there and also win a good share on the road on speed. His club has more than flashy fielding; the Sox as a group have stolen almost twice as many bases as any other club.

o Organization—The White Sox operating organization is strictly a line-staff proposition. Lane, who has never been a major-league player or manager, runs the front office and the business of the team. Paul Richards, who has a long record as a major- and minor-league player and manager, runs the team on the field. Lane's job, as he sees it, is to give Richards the stuff to win ball games. Richards' job is to win them. The remodeled Sox have drawn

The remodeled Sox have drawn 150,000 more fans at home than a year ago. At present rates, the club figures to do better than 1.1-million.

• It Adds Up—A draw of 1-million at home would gross them around \$1.3million—they're selling lots of boxes. Prices range from 60¢ in the bleachers



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R. J. McDERMOTT

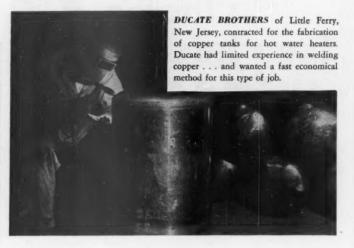
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# Heliwelding speeds fabrication of copper hot water tanks



George Kotcher, Airco Technical Sales Representative, was called in to recommend the best, and least expensive fabrication method — one that would avoid loss of time and money. He suggested the use of manual Heliwelding.

The company followed this sugges-

tion, and found that its rate of copper tank production was better than anticipated. More important, the method proved extremely economical, allowing complete control of welding variables — and resulting in smooth, high quality welds.

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# ". . . The game has more risks than a crap game . . ."

WHITE SOX starts on p. 54

to \$2 in boxes. Visiting teams get 29¢ out of each admission on the road. Assuming that the Sox also draw a million people away from home, that adds \$290,000 to the gross.

They also figure to take better than \$200,000 from concessions. At a recent Sunday double-header, about 53,000 fans consumed 90,000 hot dogs, 90,000 bottles of beer, 60,000 soft drinks, 50,-000 bags of peanuts. Add \$125,000 for TV rights, plus several thousand for rentals, and you have most of the \$2million the Sox hope to gross this year. · It Goes Out-On the other side, there's a payroll of around \$500,000 for 25 players, four coaches, and manager Richards. Another \$450,000 covers farms and scouting costs. The 20-man office staff, from Comiskey and Lane to the clerks, ticket-sales department, and the switchboard girl, gets another \$200,000. Then there's the \$290,000 the Sox must pay to visiting teams. Spring training cost the team about \$15,000. Cutting the lawn, seating the customers, and a string of expensive incidentals costs another \$200,000. Lane thinks an estimate of \$500,000 net this vear is way high-\$300,000 might be closer.

· What's It Worth?-It's tougher to figure the value of the club. The park cost \$500,000 41 years ago and has had maybe another \$500,000 worth of improvements. Replacement might cost \$2-million; but it's practically worthless without a ball club to use it. Player contracts are another asset. But many clubs figure them at only \$1 for the lot, because an injury, death, or age can make the contract worthless. Minorleague clubs are worth something too, but it's just as hard to value them. The franchise-the right to run the club, issued by the league-is probably worth \$300,000 or more in cash. But a club has to be sold as a unit to have value.

Basically, a ball club is worth what someone will pay for it—anywhere from \$2-million to \$3-million. That makes earnings look high during good years.

But perishable players may cost \$50,000 or \$100,000 or more. The game has more risks than a crap game. That's why today, except for the Sox and a few other teams like Connie Mack's Athletics and Clark Griffith's Senators, ball clubs aren't owned by old baseball families that make their living from them. Baseball has become a hobby for rich men like Walter O. Briggs, the auto equipment maker, who owns the Tigers, and Tom Yawkey, who inherited millions and spends them on the Boston Red Sox.

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on ROYAL Electric?

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I would like a copy of the brochure, "Picture of Progress," describing the Royal Electric.

COMPANY

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If you were to travel the RFD routes where mail carriers deliver Midwest Unit Farm Papers to 1,267,706 subscribers, you would see buildings going up all over the landscape this summer . . . Homes, barns, milk houses, silos, hog and poultry houses, brooders, cribs and bins—construction of 1,129,053 of all types.*

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*Write for a copy of the survey of Midwest farmers' "1951 Buying Intentions" if you have not received yours.

## MIDWEST Farm Paper UNIT

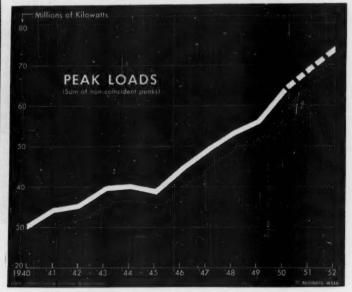
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# POWER



# Power Pours Down the Drain

DPA has restored the cuts in industry's third-quarter allotments of materials. But expansion is now behind schedule. That will intensify the squeeze when peak loads come in 1952.

Electric utilities got Defense Production Administration to relent and restore most of the punishing cuts it had made in the industry's third-quarter materials allocations (BW-Jul.7'51,p 138), but the damage has been done. The delay was enough to make the utilities miss the third-quarter rolling mill schedules with their orders.

• 1-Million Kw. Short—By December, 1952, the country's power capacity will be about 500,000 kw. less than it might have been had the industry got all it wanted for third quarter. The industry was already behind by 500,000 kw. due to production delays earlier in the year. The total loss—of 1-million kw.—amounts to over 12% of the expansion that utilities had planned to meet the anticipated record demand in 1952.

What's more, the fact that the industry won a modest victory in its latest round with the materials allocators is no guarantee that DPA has gone soft. According to Defense Electric Power Administration—the claimant agency for electric utilities—DPA's preliminary allocations of materials for the fourth quarter "don't look good."

 Two Allocations—DPA actually makes two separate materials allocations to utilities—one for construction of buildings, power-lines, etc., and the other for production of turbines, generators, and other equipment. The materials most concerned are aluminum, copper, and steel.

DPA's original third-quarter allotment gave utilities only about half the amount of these materials they requested. The industry estimates that this cut would have lowered production of equipment during the third quarter by about 30% and would have reined in construction even more.

In restoring these cuts, DPA gave the industry about 80% of the aluminum it requested for construction purposes, about 85% of the copper, and about 88% of the steel. The steel figure is not so good as it sounds; most of it is reinforcing steel; not enough is structural steel, which is what power companies say they need most.

Revised third-quarter allocations for equipment are not out yet; they take longer to compile. DPA says that it has restored "almost all" the original cuts in this category. But DEPA says that the restoration looks like some-

thing less than that.

• Construction Hurts—Whatever the figure, it won't have any immediate effect on power capacity. Most turbines

and generators that power companies have ordered for delivery this year are nearly completed anyway. It's the stuff on order for the next three years that

will feel the delay.

Cutbacks of construction materials will have a much more immediate effect. Construction lead-time isn't so great as for equipment-building. The grim cast to next winter's power supply picture comes mainly from the cut in construction materials. The most serious loss will be in transmission lines and substations. New generating capacity is of limited value in carrying peak loads if it isn't part of an interconnected system.

• Spreading Shortage-Before DPA. made its cuts, it appeared that only the Pacific Northwest would be in bad shape for power next winter. Now it looks as if the whole area between the Great Lakes and the Gulf will have a tight squeeze. This territory is served by a number of regional power pools, all of which are interconnected whenever load conditions demand it. Thus, although individual systems in the area may be in good shape, interconnection demands will take all available reserves. Construction material cuts hit hard

in the Southeast, too, where some of the heaviest defense loads are concentrated. The area depends largely on hydroelectric capacity. Low stream flow could cause serious power shortage.

Elsewhere, utilities expect to be able to provide reserve power margins of 8% to 12% next winter. That's a lot less than they would like, but it's manage-

· Prejudice-The fact that DPA took another look at third-quarter allocations doesn't mean that it has changed its fundamental ideas about the place of power in the defense program. It regards electric power as an essential in-dustry, but still a civilian industry that must give way to direct military and defense-supporting programs.

DEPA had to use every trick in its bag to get DPA to restore the thirdquarter cuts. At first it got nowhere. Finally, on June 25, it called in some of the top men in the industry, told them bluntly that they were in trouble unless they could persuade DPA to loosen up. Half-a-dozen of these men -including TVA Administrator Gordon Clapp-took their problem to mobilization chief Charles E. Wilson.

• Wilson Acts—Up to then—because of

his long and close connection with the utilities industries through General Electric Co.-Wilson had stayed out of the tussle. But his erstwhile customers wanted no more of that, and they threatened to take their case to the public. Without getting specific, Wilson told them that something would be done.

The next day, DPA held a formal



slash building costs!

Lower in cost than conventional skylights. Corrulux nails and saws easily. Nests with all standard corrugated roofing and siding. No expensive flashing or framing. Greatly reduces artificial lighting requirements.

Better Lighting Admits soft, diffused, neutral daylight for eye comfort, yet keeps out most heat and glare.

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TO supply the heavy demands of their coke ovens, Public Service Electric and Gas Co., Newark, N. J. has a shipload of coal delivered every three days to their Camden Coke Plant. Until recently, stockpiling opcranes and railroad cars - a slow. expensive method, without benefits of safe coal compaction. To speed handling and cut costs, they brought in 2 C Tournadozers and 1 electriccontrol Scraper.

#### How stockpilling was modernized

During unloading from ship, conveyor dumps directly into Scraper for hauling and placing coal . . . between Scraper trips, end of conveyor awings to stockpile or over plant hopper. After ship is unloaded, Dozer is easily uncoupled from Scraper and joins 2nd Tournadozer feeding hopper, dressing stockpile edges, building ramp to stockpile, etc.

#### Average 16 tons on 760' trip

Actual job production records show Tournadoser-Scraper rig, equipped with special sideboards, hauled 208 tons per hour — that's 16 tons every 4.5 min. on the 760' round trip between conveyor and limits of stock-pile. At desired location, coal is spread on the run. This simplified operation . . . 2 units, 2 operators, handle the complete operation from conveyor — thus eliminating all the complications involved in previous railroad handling.

#### Reduces fire hexard

Protection against spontaneous combustion is due to excellent compac-tion of big, soft-cushion 21.00 x 25 low-pressure tires of the machines. Combined rolling and kneading action of over 40 tons moves coal particles into voids without breakage, resulting in an air-tight layer of considerable depth.

In fact...pipes driven into stockpile to check tempera-ture before LeTourneau ture be fore LeTourneau equipment was on the job were easily driven in with sledge hammer. After Tournadozer-Scruper compaction, surface was so thoroughly packed, holes had to be drilled by commercial well driller!

It will pay you to analyze your present coal handling and figure savings with this flexible, modern, high-speed LeTourneau method of stockpiling. Whether you plan to purchase this equipment or want to lease services of a contractor with LeTourneau equipment, your LeTour-neau Distributor will be glad to provide all the facts.

R. G. LeTOURNEAU, INC.

hearing on DEPA's third-quarter allo-

• Strange Bedfellows—Wilson might have blinked when he saw TVA's Clapp aligned with top men from private utilities. But that was nothing compared with the strange assembly of public and private ownership that would have formed if Wilson had said no. The materials fight hooked up in parallel enemies of 20 years' standing in the power business.

· Public vs. Private-Ironically, part of DPA's insistence on cutting power materials stemmed from that very conflict between public and private ownership. For years, private utilities have lobbied against appropriations to the Rural Electrification Administration, arguing that the money would be spent on duplicating existing facilities.

Now it's materials, not money, that REA wants. And DPA actually is taking over the old line of the private power operators-that vital materials should not be used to duplicate existing facilities.

The trouble is REA has wangled a lump-sum material allocation, and the only way that DPA can cut that allocation is to cut its allocation for all utilities, public and private.

## Cost Report Scheduled On Synthetic Fuels

The real lowdown on cost of producing synthetic liquid fuels from coal and oil shale may be on tap in September. That's the latest target date for a special committee of the National Petroleum Council to report. Originally it was scheduled for May.

The committee, headed by W. S. S. Rodgers of the Texas Co., has been trying to evaluate the cost of synthetic fuels produced by (1) coal hydrogenation, (2) coal gasification and fuel synthesis, and (3) shale oil refining. On each process, the committee wants to establish approximate first-plant cost and industrywide cost for a 250,000bbl.-a-day plant.

Progress to date adds up to this: · A subcommittee has finished the job of establishing the availability of shale and oil for specific plant sites.

· Another subcommittee has reviewed the coal hydrogenation and oil shale operations of the Bureau of Mines and industry.

By September the committee now believes it will have its cost estimates ready on coal hydrogenation and oil shale. These will be "present-day" costs. The "future" or "optimistic cases" for these processes and the study on coal gasification and fuel synthesis will be a study on the study of the thesis will be deferred for a still later



think clearly



high vacuum research and engineering THIS little nest of relays is a "brain" which evaluates incoming impulses and issues orders to a mechanism that may be vital in a paper mill, a food pro-

It took a great many human brain-hours to work out its intricate, compact mechanism. But a few fungus spores drifting in from a warm, humid atmosphere, a little dust, acid fumes, even rapid air pressure variations—any of these might undo the ingenuity that conceived it.

For security against these intruders, the relay manufacturer, C. P. Clare and Company, turned to the service offered by the Electro-Seal Corporation, Des Plaines, Illinois. Within a few minutes after Electro-Seal puts a DPi diffusion pump to work, all traces of moisture and 99.999 per cent of the air have been removed from the sealed assembly. Then a Consolidated Leak Detector is connected to the system and a jet of helium is played over the unit to check for leaks. (This instrument, which embodies another DPi high vacuum diffusion pump, can sound an alarm for a leak so small that a thimbleful of air would take 30 years to get through.)

Finally, Electro-Seal backfills with purified inert gas and sends the relay off to a long, useful life and duties for which an unsealed relay might be totally unfitted—demonstrating again how effectively DPi puts high vacuum at industry's service in a relatively new field, as we've been doing for years in the electron tube industry.

Perhaps we can help you, too. To find out, write to Distillation Products Industries, Vacuum Equipment Department, 739 Ridge Road West, Rochester 3, N. Y. (Division of Eastman Kodak Company).



# HERE'S A MISTAKE THAT DIDN'T STAY COVERED UP!

There's a temptation sometimes, where building budgets are eyed, to "save" by using low-first-cost piping. But concealing the pipe doesn't conceal the consequences. Because when leaks occur—damaging mer-chandise, disrupting routine, or otherwise hampering operations the unfortunate occupant discovers he should have demanded Byers Wrought Iron pipe. When the repair job calls for work by pipe fitter, carpenter, plasterer and painter, his eyes are really opened! Byers Wrought Iron pipe is used by folks who know that "cost per year of service" is the true measure of economy. Service records have proved that genuine wrought iron piping is still good after serving three or four times longer in areas where vulnerable piping has failed.

You can learn about Wrought Iron . . . why it lasts . . how it is used, etc. in "The A.B.C.'s of Wrought Iron." For your copy, write A. M. Byers Company, Clark Building, Pittsburgh 22, Pa.



Wrought

# BUGS

# How the Battle Is Going

Crop pests are giving the farmers a tough time—but this year's onslaught is not so bad as expected. Farmers' biggest worry: the long-range fight—against immunity.

There are some 6,500 kinds of bugs in the U.S., and 650 of these can inflict real damage to crops. Each year they eat \$4-billion worth—more or less.

The farmers had expected to have a real fight on their hands this summer, judging by the early spring skirmishes with greenbugs, brown grain mites, and army cutworms in the southwestern states. Already these pests' attacks on wheat, oats, barley, rye, and corn in those areas have taken huge bites out of the American bread basket.

• On Our Side—It's a good year for bugs, all right. But now with the season well under way, the farmers are finding the battle less heated than they thought it would be. Chief insect enemy this year has been the weather. Weather can make a good or bad year for insects, but the catch is that the kind of weather that is poison to one type of pest is meat for another.

Luckily, so far this year the weather has been against two of the worst crop wreckers:

• The European corn borer: The weather is giving the corn borer a rough time this year. He appeared early, but the corn, delayed by rains and cold weather, is late. This timely bit of disorganization in the borer's life cycleplus the happy fact that he failed to winter well—could save growers mil-

• The boll weevil: Last year's supercrop, which meant that a record number went into hibernation, had farmers on edge this spring. But the boll weevil likes her weather humid, and the cold weather in the South cut them down to size. Spring droughts have just about finished the job.

lions of dollars.

• Good News—This is good news to the farmer. But it doesn't mean an end to the menace. Both pests are still around, doing their damage. And it is no cinch to keep a hungry bug down. With a reversal in the weather, they will pop up again by leaps and bounds. Although at this point the farmers

Although at this point the farmers have a fifty-fifty chance of holding this year's insect toll to the \$4-billion average, the invasion of some of the worst marauders of the normal crop year is yet to come.

• What's Ahead-Here is what the farmer can expect this year from some

of his most difficult insect customers:

The pink bollworm: Favorable weather for the past two years is bringing the pink bollworm to the fore for the first time as a major threat to the cotton fields.

• Tent caterpillars: Hordes of forest tent caterpillars, on the move from Canada, have invaded the forests of upper Michigan. The migrating millions have turned the highways and railroads into greasy thoroughfares, where traffic is slow and often dangerous. So far no method has proved effective against them.

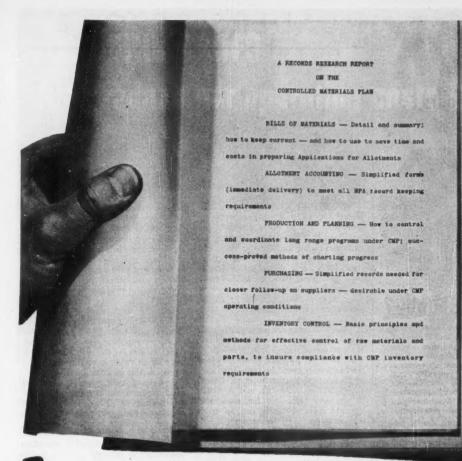
• Grasshoppers: Farmers and ranchers in the West have ranked grasshoppers as dangerous as wolves and coyotes, dust storms, and blizzards. But the prospect this year—except in Montana—is the most favorable in a decade.

• Army cutworms: Early June found a winged army of adult cutworms laying siege to Colorado towns. But it's the caterpillar, or cutworm, stage that causes the crop damage; adults are only a harmless annoyance.

• Enough DDT?—What about the farmer's supply of ammunition? Shortages of basic raw chemical materials such as chlorine, alcohol, and benzene, needed in great quantities for military goods, are seriously troubling both insecticide manufacturers and the farmers. But DDT is being produced 50% faster than in 1950, and an adequate supply of other pest-killers seems to be on hand—if 1951 turns out to be a normal insect year.

But what the farmers—and government entomologists—are even more worried about is the effectiveness of these insecticides, now threatened by insect immunity. Scientists are fast discovering that the peculiar adaptation of the insect world to changing conditions makes them immune in several generations to any kind of insecticide.

• Already Immune—One authority in entomology writing about the resistance to benzene hexachloride by the already arsenic-resistant blue tick in South Africa said: "It would seem that news like this quietly trickling through scientific circles is enough to make headlines as big as those about the atomic bomb, if only the significance of the matter were properly understood."



# Free-if you are under GMP, here's help for you!

If you have received controlled material allotments under CMP, either as a prime consumer direct from a Government Agency, or as a secondary consumer receiving allotments from your customers, here is a practical manual that will simplify your paper work under CMP. It not only shows you, step by step, dozens of ways to save on clerical routine, but more important still, it lays the groundwork for getting the end result you want — a properly balanced, uninter-

rupted flow of materials to meet your requirements on schedule. At the same time it sets up all the records you need to prove compliance with CMP regulations. Phone our nearest office or mail the coupon for your free copy.

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Not only will a TORNADO Floor Machine solve this problem, but it will also eliminate its recurrence. TORNADO Floor Machines provide sufficient brush pressure to:

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> Your floors can always look like new. Proper equipment is the answer.

WRITE FOR BULLETIN 583

ELECTRIC MFG. CO. Dept. B-7 5100 N. Revenswood Ave. Chicago 40, III.

PORNADO Cleans Floors

Door-to-door selling [BW-Jun.16 '51,p150] can be a nuisance to the householder, who objects to being called while "fixing the baby," "doing the while "fixing the baby," "doing the laundry," or "not dressed." But the experienced canvasser has long recognized this fact, and, being anxious to have the prospect in the right frame of mind, he takes great care to avoid these situations. It is amazing how correct these canvassers are in their timing.

Those of us who have been concerned with restrictive ordinances recognize that they do not ordinarily emanate from the householder. In almost all cases the ordinance, like the "foot and mouth disease" embargoes and various quarantines, is a concealed device of local merchants designed to eliminate competition from outside. Most town councils and local boards have a high proportion of local businessmen who are interested in this matter.

The issue in the Alexandria case should have turned on "combinations in restraint of trade," not "freedom of speech." I am sure that an action based on the former could be prosecuted successfully even to the Supreme Court. The situation is serious, and it strikes at the very force that has made this country great. Nothing can be given any more credit for the amazing development of this economy than the ability of salesmen to go out into the highways and byways and convince people there are better ways of doing things, and more things they need. I am concerned at the upholding of any restrictions that put stumbling blocks in the way of selling, and I sincerely hope that action will be taken promptly to attack such restrictions.

LIONEL L. JACOBS

WAYNE, PA.

### Druggist's Worries

Sirs:

I am a "small American businessman," and my point of view on fair trade is a little different from yours. To sit behind a desk and write an editorial is a little different from standing in a store worth tens of thousands of dollars and realizing that your business might be at stake.

In the early 30's, we druggists worked 14 hours a day, paid pharmacists \$35 a week, and rent of perhaps \$75 per month. Loss leaders were in vogue, and by devious means we managed to eke out a living on a 13% gross margin. Only those who were in business in those days can appreciate what it meant.

When fair trade came in, it assured the small druggist a gross margin of 28%-33%. During recent years the druggist has been able to work much shorter hours, to afford a clerk and pay him a living wage, and to pay rent that is three or four times higher than it used to be. It meant I could sell an item at the same price as large city department stores; that is as it should be, since all the highly advertised drugs in my store, comprising 90% of my volume, can be used as loss leaders by department stores and chains. If a department store sells 200 items in drugs below cost, this is but a fraction of their total volume. But in destroying the price structure of these items, they are destroying the price structure of the great bulk of the goods I have to sell. I do not sell pillow cases, furniture, or hosiery, and other "blind" items on which the price might be increased to offset the loss on the drug items.

It is not a question of "free enter-prise," "efficient operation," or being a good businessman." Yesterday one large metropolitan store advertised Bayer Aspirin for 8¢. It costs 43¢. Is not this an example of the viciousness to which this practice leads?

Some protection must be given the small businessman against this predatory destruction. The question now is not who is most efficient, but who has the most money to hold out. If they fix the price of liquor, they should fix the price of drugs. I feel that I, as a pharmacist, am as important to the public health as a liquor seller. It is interesting to me that some of the publications that have been against fair trade are themselves "fair-traded." What would happen if a news dealer put up a big sign reading "SPECIAL this week only Life magazine 9é—COMPARE

If you think the loss of fair trade is in the good old American tradition of free enterprise, I invite you to stand behind my counter for a day or two dur-

ing a price war.

SAUL MALLON

FAIR LAWN, N. J.

## The Particular Victrola

We appreciate your publication of our letter relative to the trademark "Victrola" [BW—May26'51,p78]. We were, therefore, disappointed to observe on page 78 of your June 23 issue the title "The Generic Victrola" over a letter from Irwin Lichter of Charleroi. Pa. We ask your cooperation in refraining from implying that our "Victrola" is

As you can well imagine, we have in-



"OUR FRUEHAUF FLEET operates as a fast express service, bringing bamboo shoots and water chestnuts from San Francisco and New York docks to Duluth. Other units bring poultry from Illinois—celery from California and Florida," says Mr. Paulucci. "We double the value of our Trailers by hauling our Oriental-American canned foods to distribution points along the way. It is imperative that we have fast, dependable transportation at low cost... and Fruehaufs really do the job! They are invaluable to our operation".

Food processors like Chun King, and hundreds of other industries handling highly perishable materials are finding Fruehauf Stainless Steel Trailers the most dependable, low cost transportation available today. Fruehauf Trailer Company, 10941 Harper Avenue, Detroit 32, Michigan.



STRONGER, LONGER LASTING.—Mr. Paulucci says, "After 200,000 miles our Steinless Steel Traillers actually look as if they were just put on the road." Pound-for-pound, Steinless is stronger than any other Trailer material—resists fatigue—stays new.

THICKER INSULATION—Moisture resistant Ultrailie glass fiber insulation keeps Fruehauf "reefers" light without sacrificing strength. Glass fiber also has better insulating qualities. As a result, products hold temperature, can't spoil in transit.





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New catalog illustrates and describes the complete line. A copy is available to you free upon request. Write Fruehauf Trailer Co., 10941 Harper Ave., Detroit 32, Michigan.



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# We can recommend a bird-dog with good eyes and ears.....

Have you been thinking of your electrical wholesaler solely as someone who sells to you?

How about thinking of him, now, as part of your procurement department—a bird-dog, let's call him, for searching out scarce supplies.

He'd welcome the opportunity because service is his business. Even though his stocks run low at times these days—still, with his many contacts, his familiarity with your needs (he's closer to you than most direct suppliers), and your interest at his heart, he'll do his best to keep you well equipped.

You'll also save valuable purchasing time—and hours of paper work—if you deal with your electrical wholesaler.

Consider his warehouse as your "reserve inventory"... consider him as "a friend in need."

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FLEX-A-POWER (bus distribution)...CENTR-A-POWER (control centers and switchboards).
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vested a great deal of money in the promotion and advertising of our "Victrola" trademark; consequently, the protection of our trademark is equivalent to protection of this investment. It is our practice to protect against this type of misuse of our trademark where we feel there exists the danger of the trademark being transformed into a generic illustration. The words "aspirin" and "cellophane," which were very fine trademarks at one time, were lost to their respective companies by becoming generic through improper use. The correct generic word is "phonograph."

ABRAHAM S. GREENBERG

TRADMARK ATTORNEY,
PATENT DEPT.,
RADIO CORP. OF AMERICA,
NEW YORK CITY



#### Reader Rita

Sirs:

As a businessman and an advertiser, I have often been serenaded by business week space salesmen about the very high quality of your readership. Not until I passed the offices of the French Line a few weeks ago, however, and glimpsed a picture of Mrs. A. Khan (Rita Hayworth, above) reading your illustrious magazine did I really become a convert to the business week success story.

Gentlemen, please enter lifetime subscriptions for my three daughters, age 3, 5, and 9,

WILLIAM M. NELSON

NEW YORK CITY

Letters should be addressed to Readers Report Editor, BUSINESS WEEK, 330 West 42nd Street, New York 18, N. Y.





# MADE OF SHARON SPECIAL DEEP DRAWING HELMET STEEL

The designer of this head piece may never be listed alongside Dior or Dache, and the wearer quite probably will receive no Fashian Academy Award for originality, but there is no denying Its popularity.

The steel used in the manufacture of this standard military helmet necessarily must be tough – yet pliable enough to take an extra-

ordinarily deep draw without strain. It is made of a single piece of strip steel which has cold work hardening properties to stand maximum impact.

Expanding military requirements call for an ever increasing number of these helmets. As in World War II, a large percentage of them will be made from Sharon special deep drawing helmet steel.

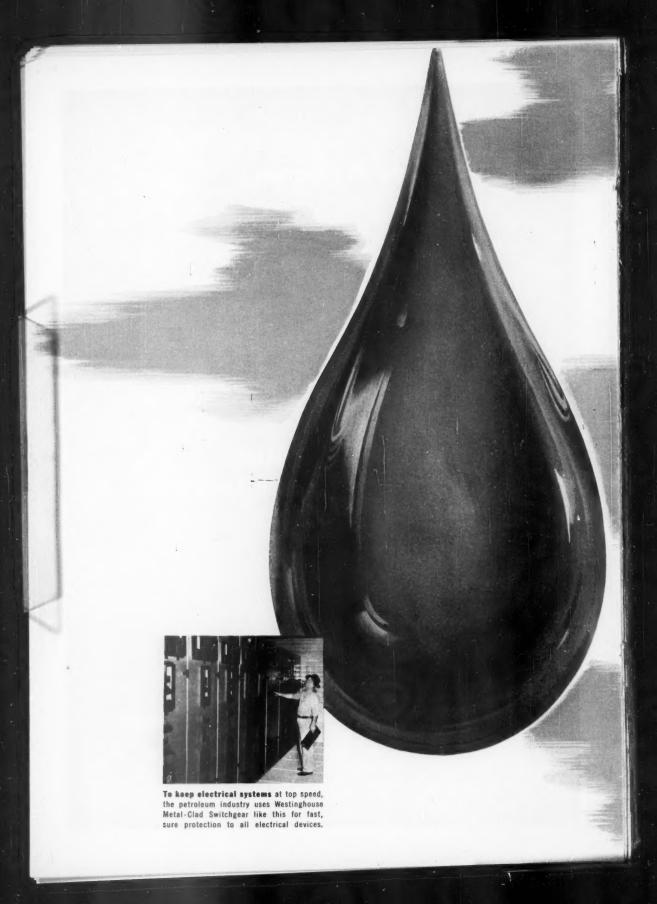
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SHARONSTEEL



## They did

A certain pipe line operator* got out of the kind of jam many management men are in today. He had to get more production. In his case, more production meant pumping more oil through his new 22-inch pipeline and his old 10-inch line. An essential part of this job was to find a faster and more automatic scheme for starting and stopping the pumping motors and opening and closing the necessary valves in proper sequence to keep oil flowing at peak capacity through the line.

### what

How he did this can mean dollars to a textile man, a steel man; to any executive looking for more production from the same basic facilities. He asked us for a scheme, a method, an operating proposal. His engineers and ours cracked the nut by putting together an electrical system of many devices—substation, starters, motors, switchgear, controls—specifically devised to meet his particular set of conditions. The system we worked out starts, stops and regulates this highly complex series of operations... automatically and fast. Now one man does in six minutes what used to take three men an hour. That fifty-four minutes extra pumping time is his production gold mine.

## you can do

This case gives a cue to your own approach to today's universal problem. Most businesses can produce more with the basic facilities they have. Most plants need a new looking-at, a constructive look. We are asking to take that kind of a look with you.

## to produce more

The specific devices needed can be talked about later. It is the way you use them that counts...whether thermostats, heaters, meters, instruments, or circuit breakers. Many manufacturers make good electrical devices. Westinghouse, in fact, makes a broader line than anyone else. But the priceless ingredient Westinghouse offers you, in addition, is the skill of broadly experienced engineers in putting together the right combination of good devices to let you produce more with what you have. Westinghouse Electric Corporation, Pittsburgh, Pennsylvania.

YOU CAN BE SURE ... IF IT'S Westinghouse





Photo by L. Millinger, Charles

### How many balloons in this picture?

Six? Yes, but don't forget the six reflected in the water. This may serve to remind you of the "dual" job the rubber industry is doing today — first, in stretching supplies of natural rubber and second, in producing more synthetic rubber to meet essential needs.

This achievement is actually a triumph in chemical processing by the rubber industry, for chemicals are essential in giving the special qualities necessary to virtually all rubber products, both natural and synthetic. As a leading producer of rubber chemicals, American Cyanamid's Calco Chemical Division works closely with the rubber industry, helping to improve quality and durability with new and better chemicals.

This teamwork is adding new value to the rubber products you buy... and is also helping to strengthen our national economy, in which rubber is a basic necessity.





AMERICAN Cyanamid COMPANY

30 ROCKEFELLER PLAZA, NEW YORK 20, N. Y.

### TAXES

### **SELLING YOUR BUSINESS?**

Here's how the tax laws will treat you

Type of Asset	Some Examples	Tax Status
1 Ordinary Asset	Property included in inventory. Land, buildings, and other depreciable property used in the business and held less than six months	Sales of these assets result in ordinary in- come or loss. Gains are taxed in full. Losses are deductible in full.
2 Capital Asset	Cash Stocks, bonds, and other securities — except when they're part of the stock in trade of a dealer Land buildings, and other property not	Sales of these assets always result in cap- ital gains or losses.
	used in the business Goodwill Accounts and notes receivable and trade acceptances arising from sales	
3 Depreciable Asset	Land, buildings, and depreciable proper- ty used in a trade or business and held more than six months.	If sale results in a gain, it's treated as a capital gain. But if sale results in a loss, it's an ordinary loss and can be deducted in full.

### How to Soften the Tax Blow

Look before you leap, when you start filing tax data on the sale of your company. There may be an alternate way to report the transaction that will cut down the taxes.

The tax laws are full of places where the taxpayer has to make a choice. There are often two or more completely legitimate ways to report a specific transaction—and choosing the proper one can mean the difference between paying a larger tax and paying a small tax, or even paying none at all,

That's particularly important if you're planning to sell your business. There are, broadly speaking, three different sets of rules, depending on whether the

business is: (1) a sole proprietorship; (2) a partnership; or (3) a corporation.

#### I. Proprietorship

When the individual proprietor sells a business, he usually sells it in a single piece, as a going concern. But he can't report it that way on his tax blank. The Bureau of Internal Revenue insists (and the courts back it up) that each of the assets of the business be considered sep-



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arately. So the sale of a business by an individual is really many sales—for tax purposes, at any rate. The selling price must be apportioned among the assets sold.

• Analyze Your Assets—The seller has to examine each asset to determine whether the gain or loss from the sale is "capital" or "ordinary" (table, page 73). Ordinary gains or losses are treated just as regular business income and go into the tax return at their full value. But gain or loss from sale of a capital asset is subject to the capital-gains tax, with its 25% ceiling.

Obviously, a seller will make out best, taxwise, by allocating all his gains to capital assets and all his losses to ordinary assets. But he's not entirely free to do that. If an allocation looks fishy to BIR, it can refuse to accept it and substitute its own. And if the owner sells his business for a lump-sum price and doesn't allocate, the bureau will step in and do it for him.

Take the case of V. Newton, owner of Puget Sound Novelty Co., a distributor of pinball machines. He sold the business for \$22,150 and, making no attempt to allocate this sum among the assets sold, reported the entire \$7,300 profit as capital

But BIR said no. It examined his books and decided that almost all the assets were either inventory on hand or stock in trade ordered and paid for, but not yet delivered. So it broke down the lump-sum profit, taxing 95.51224% of it as ordinary income and only 4.48776% as capital gain. And the Tax Court upheld it.

• Back It Up—But even if a seller does allocate, what proof can he offer BIR if it questions him? The best proof is a detailed contract of sale, enumerating the cash, accounts receivable, inventory, goodwill, etc. In the absence of obvious bad faith or some entirely unrealistic allocation, the bureau usually accepts the allocation in the contract.

• Tax Ducking K.O.'d—There's one more way in which an individual seller can save on taxes: The law permits him to transfer his business to a corporation tax-free in exchange for its stock. Then, since stock is a capital asset, if he sells the stock at some later date his entire profit is capital gain—unless the transfer was made in anticipation of immediate sale of the stock, simply to duck taxes.

#### II. Partnership

For years BIR argued that the sale of an interest in a partnership involved the same principles as the sale of a sole proprietorship. And for years the courts consistently batted it down. Finally, just a year ago, BIR gave in.

Max Shapiro was one of three partners in the Hillside Apartment Co. He sold his interest, at a profit, to one of his partners. He argued that this was the sale of a cap-



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containers for gases, liquids and solids

### "... That's what the Millers found out. But they found out too late . . ."

TAX starts on p. 73

ital asset and reported the entire profit as capital gain. BIR said that when a partner sells his interest all he sells is his share of the partnership's assets. So it sought to break down the company's assets just as it had done in the Newton

But early last year, a U.S. Court of Appeals made short shrift of the bureau's case, when it said: "The difficulty with the government's position, which is not devoid of logic, is that it is contrary to the overwhelming weight of authority."

On May 10, 1950, BIR bowed to this "overwhelming weight of authority." Its official position today is that the sale of an interest in a partnership is the sale of a capital asset.

But what happens when all the partners in a business sell the entire partnership? In this situation, different methods of sale may have different results. This is shown by the decision in the Luhrs case:

Mignonette E. Luhrs and her family, as partners, owned an orange orchard. They sold it to their business manager and five associates. The negotiations were carried on entirely in terms of a sale of the partnership interests by Mrs. Luhrs and her partners. The contract of sale was drawn up that way. The partnership name, however, was not transferred.

The Tax Court, over BIR's objections, held that the Luhrs family had actually sold interests in the partnership and not, as BIR contended, the assets of the partnership. Thus, all the Luhrs' profits were subject only to capital-gains tax.

But in its decision, the court made a special point of mentioning one of its own earlier decisions. In that one it had found, by considering the negotiations and contract of sale, that the partners' intention has been to sell assets rather than their interests in the partnership. So it had upheld BIR's argument that gain or loss had to be figured on each of the assets sold.

### III. Corporation

Corporate stock is a capital asset. So where a business is incorporated, the seller can avoid the problems of allocation by selling the stock.

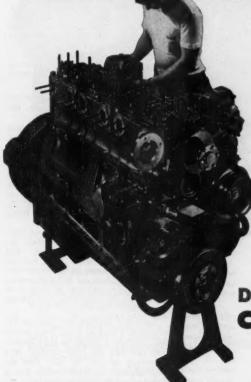
But it takes two to make a deal. Purchase of the stock of a corporation may involve extra taxes for the buyer. And so buyers won't always be willing to handle the deal on that basis.

• Double Tax Liability—Selling the assets of the corporation involves a double tax liability for the seller. When the assets are sold, the corporation pays a tax—as in the case of a proprietorship. Then when the corporation is liquidated and the cash distributed to the

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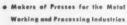
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stockholders, they become liable for a capital-gains tax, on the difference between the cost of their stock and the amount they receive in liquidation.

The first of these taxes can be avoided if the corporation goes out of business and distributes its assets to the stockholders and then the stockholders, as individuals, sell the assets. That's what the Millers found out. But they found out too late.

Court Holding Co. had 50 shares of stock outstanding; Minnie Miller owned 48 and her husband, Louis, 2. The corporation's business was owning and managing an apartment house. The Millers agreed orally to sell for \$54,500, and a \$1,000 down payment was made to the corporation.

However, when they met at the lawyer's office to reduce the verbal agreement to writing, he told them about the large double tax they would face.

So the Millers changed their minds. The corporation declared a dividend payable in its assets and went out of business. Then the Millers personally made a contract with the buyers. The \$1,000 already paid was applied as part of the price paid to the Millers.

The Millers paid only a single capitalgains tax. BIR sued to collect the double tax. The case went all the way to the Supreme Court, which upheld the bureau. The Court said the Millers' manipulations were merely formalisms, whose intent was to evade taxes, and that the Millers, in making the sale as individuals, were in reality only carrying out the agreement made by the corporation.

A couple of years later the Supreme Court decided a very similar case the other way.

Cumberland Public Service Co. generated and sold electricity in southern Kentucky. All stock was owned by two families. Soon after TV-A came into the area, the owners decided to sell out to a public cooperative. They wanted to sell their stock. But the federal government could not legally advance money to the co-op to buy corporate stock. So Cumberland dissolved and distributed its assets to the stockholders, and they sold the property to the co-op.

they sold the property to the co-op.
Despite the similarity to the Court Holding Co. case, a lower court upheld the Cumberland stockholders' method. And the Supreme Court agreed, saying that this sale was actually made by the stockholders, not the corporation, and that a corporation has the right to distribute its assets to its stockholders for disposition, even though the primary motive is to avoid tax.

The exact dividing line between the two cases is hard to draw. Even one of the lower court judges in the Cumberland case had the same trouble. In a dissenting opinion he said that the only difference he could see was that in Cumberland the stockholders knew all along what the tax consequences of a direct sale would be, while in Court the stockholders didn't learn about them until later. And that, he said, he considered to be unimportant.

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### SMALL BUSINESS

### Small Business Gets a Break

New Washington agency–fashioned after World War II's SWPC–will help the little fellow get a share of the defense contracts. It may clear the way for production pools.

In this mobilization program, as in the last, small business has been struggling desperately to keep from being entirely shut out. And it has been using just about the same techniques.

In Washington small business representatives have been doing their best to get some machinery set up that would assure the little fellows a share of defense contracts. In the field, they have been encouraging the small companies to get together in pools to bid on prime contracts (BW-Mar.24'51, p48).

• Victory in Washington—This week, after a year of trying, it looked as if they had chalked up their first real victory—creation of a new version of World War II's Smaller War Plants Corp. Small business considers this the key to the whole problem of channeling defense spending away from the big corporations into the smaller outfits. The Senate wrote a Small Defense Plants Administration into its extension of the Defense Production Act; the House has a Small Defense Plants Corp. in its version of the same bill. So there's little doubt that some sort of agency will be created when the law is passed later this month.

• Scope—Whatever form it takes, the new agency will have broad powers. It will be able to:

Take prime contracts for military goods directly, parcel them out to small firms in the form of subcontracts:

Finance operations of small companies, including research, equipment, materials, and supplies;
 Sit in on just about every agency

• Sit in on just about every agency that issues orders affecting business, to see that small business gets a break;

 Require suppliers to furnish information about how they allocate scarce materials or components;

 Make a nationwide inventory of the plant capacity of small business.
 Most important of these is the

authority to step in and take a prime contract. It costs more money, and there's a terrific administrative problem—but it does spread the business around.

• SWPC Blueprint—The new agency

• SWPC Blueprint—The new agency will probably follow pretty much the pattern of its predecessor—with field agents in all parts of the country to keep track of companies that have the capacity and the ability to perform subcontracts, and liaison officers in all procurement agencies. That way, the agency can step in and designate which prime contracts it will take for parceling out to producers that have been certified by the field agents.

SWPC exercised this authority 12 times during World War II. One time it stepped in and took a prime contract for concrete practice bombs that procurement officials were about to award to a big cement concern. SWPC parceled it out to a bunch of small cement-block makers.

The small business bloc has been trying to get the new SWPC written into the law for almost a year. At the same time, as the best available stopgap, the small business experts have been pushing the idea of production pools. They figure these will give small business a direct route to prime contracts.

• Pros and Cons—But production pools have two big disadvantages: (1) It's terrifically complicated to get a pool set up to do business; and (2) the record shows they don't always live up to what was expected of them.

In the annual report of his Small Business Committee, Sen. Sparkman says of pools that they were "one of the most hopeful, but least fruitful, of all proposals put forward during World War II," when some 250 pools got government clearance. Total prime contracts placed with them ran to "more than \$600-million"—only about 0.3% of the \$200-billion of primes placed during the war.

• Omaha's Success Story—Perhaps the most successful of the last war's pools was Omaha Industries, Inc., made up of 100 small companies in Nebraska and western Iowa. It wound up with a record of taking 65 prime contracts for a total of \$15-million. But up to the time SWPC was created, the pool had been able to land only one small contract.

So far during the present emergency, only two pools have been completely cleared to do business with the government. Omaha Industries was the first; it got clearance Apr. 26. The second is Coordinated Manufacturers of Santa Clara County, which has

some 50 members in and around San Jose, Calif. NPA's Office of Small Business says it has received between

20 and 25 requests to operate pools.

• Lots of Red Tape—The reason so few have been O.K.'d is the complicated procedure required for approval. A pool must be cleared by NPA, by the Dept. of Defense, and, for antitrust reasons, by the Justice Dept. and the Federal Trade Commission. Up to a few weeks ago, a pool also had to be cleared by the Labor Dept. The Walsh-Healey act limits the award of government contracts to regular manufacturers of, or dealers in, the item to be contracted for. That would rule out newly formed pool corporations as well as unincorporated pools in which the company acting as prime contractor had never made the particular item.

The Labor Dept. has the authority to grant exemptions from this clause under certain conditions. And it has just issued a blanket exemption to all pools that have gone through the rest of the

clearance red tape successfully.

• NPA Has a Guidebook-For small businessmen who are interested in setting up pools, NPA last week put out a booklet that tells, among other things, the different types of pools that can be formed and the advantages and disadvantages of each and lists, in simple A-B-C fashion, the steps a group of businessmen must follow to set up a pool and get approval for it. You can get the booklet, and any other official information you want on pools, by writing to the Pooling Section, Office of Small Business, National Production Authority, Washington 25, D. C.

All these rules apply primarily to small companies that want to bid on prime contracts as a group. There is, of course, nothing to prevent a group of companies from getting together informally to seek subcontracts. And such informal groups can often get small prime contracts, too-by having one member make the bid and assume the responsibility individually, then farm out part of the work to the others. • Pick Your Group-One such informal group, known as Bay Area Electronic Resources, is made up of 15 small electronics manufacturers in the San Francisco area. Its members bid individually

on both prime and subcontracts, but base their bids on a prospectus detailing the joint resources-plant, equipment, personnel, and special skills-of all 15. Engineering & Development Co. of St. Louis, with about 25 small shops

(between five and 20 employees), was set up long before Korea. It concentrates entirely on subcontracts-seeks them out, signs the contract in its own name. and distributes the work to its members. Since Korea it has got "several hundred" defense subcontracts.

Another type is known as a "mother





## BUILDINGS





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Above: Smooth operation, perfect automatic leveling, fingertip control, electric door operation, attractive cabs add up to faster, more comfortable vertical transportation. Each of the four cabs, which serve ten floors, has a capacity of 3000-lb at 800 fpm.

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"... The mother hen solicits and assumes all responsibility ..."

SMALL BUSINESS starts on p. 80

hen" pool. In such a setup, a group of small companies band together with one that's a good bit larger. The "mother hen" company solicits and signs all the contracts and assumes all responsibility. Besides farming out parts of the work to the smaller members of the group, it usually stands by with financial, engineering, accounting, and legal aid. Examples of such groups are those formed by Ajax Corp. of America, Evansville, Ind., and Perfection Stove Co., Cleveland.

• New York's Card Index—Local governments and businessmen's associations throughout the country have been doing their best to help small business get its foot in the defense door. Last summer the New York State Dept. of Commerce sent questionnaires to 22,000 state manufacturers in five industries—metal, wood, plastics, textiles, and paper products—asking for a complete inventory of their facilities and capabilities. More than 5,000 were filled out and returned, and Commerce transferred the data to punch cards.

Commerce men, working out of 13 field offices, have approached several hundred leading manufacturers all over the country, to find out their subcontract needs. Interested prime contractors give details of jobs they want to farm out. Then, by running the file cards through, the department can prepare a list of suitable applicants for the job in a matter of minutes. The department says only that results are "excellent."

• Philadelphia's "Clinic"—The Philadelphia Chamber of Commerce has been very successful on an entirely different tack—a defense clinic. Ordinarily, such a clinic is a meeting that's held for a few days or a week, at which prime contractors or government agencies exhibit items they need to small manufacturers in the area, who look over the exhibits to see what they are able to

The Philadelphia chamber has carried the clinic idea one step further. In mid-May it opened a permanent Business Development Center, which it calls a supermarket of defense needs. In addition to serving as a showplace for needed parts, the center files records of small manufacturers' production facilities.

Over 6,100 small manufacturers have visited the center since it opened, more than 3,000 have filed records of their facilities, and more than \$235,000 of subcontracts have been let.

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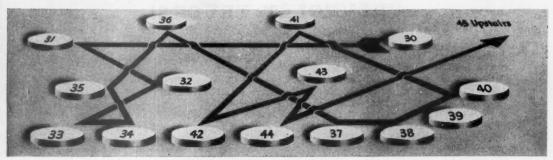
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### PRODUCTION

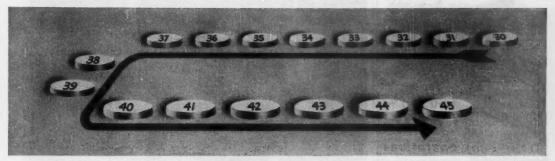


BEFORE Backtracking and excessive materials handling from operation to operation in the production of a suit coat was typical of all manufacturing at the old plant of Eagle Clothes, Inc.

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BEFORE Hand sewers who put the finishing touches on a garment were jammed together. Each worker was in danger of being jabbed by her neighbor's needle. Incandescent lamps gave less than 30 ft.-candles of light at work place.



AFTER In its new Brooklyn plant, Eagle rearranged the same operations so that work moves in a straight line. Each worker is no more than 2 ft. from her source of supply.

### Modernizes Suit Making (STORY ON PAGE 88)



AFTER New plant gives operators breathing space. Instead of being cramped into an area of 30 sq. ft. or less per employee, worker now has an average of 70 sq. ft. Fluorescent fixtures give 50 ft.-candles at all stations.



THAT'S RIGHT, the many operations in accounts payable are now cut to only one with the Todd Blue Streak Voucher system. A single check operation takes care of all the time-consuming steps in making your accounts payable disbursement!

This means that you can totally eliminate ledger postings, historical accounting, check stub entries, envelope addressing... because Todd Blue Streak Vouchers handle the entire job in a simple onestep procedure.

Find out how it's done... how Todd Blue Streak Vouchers can save your company time and money. For full details, without obligation, fill out and mail the coupon today!

## COMPANY, INC. Todd ROCHESTER SALES OFFICES IN

DISTRIBUTORS THROUGHOUT THE WORLD

Rochester 3,	
Blue Streak	s full information about Todd Vouchers that slash accounts tions down to one.
97 I man	
Firm	
FirmAddress	

### EAGLE CLOTHING (continued from page 85)



BEFORE Machine operators were packed in like sardines, because a single shaft was used to power a line of sewing machines in the old plant.



BEFORE It's common practice in the men's clothing industry to group steam and gas presses away from sewing operations. They generate too much heat.



AFTER Now each machine has its own motor. The arrangement is flexible, and the layout can be less confined.



AFTER Good ventilation makes it possible to place presses right in the production line and do the pressing in its proper sequence. (TURN TO PAGE 88)

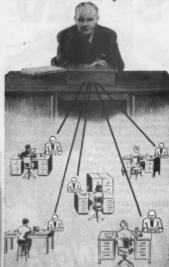


We can stretch-form and compressionform the curved metal shapes required in your production. Single or compound curves, constant or varying radii. Structural members from all shapes of extrusions and formed sections. Accurate partto-part duplication. 10 years successful service to aircraft, automotive and other industries. For estimates, send blueprints and advise quantities required.

The CYRIL BATH G. 7010 MACHINERY AVENUE, CLEVELAND 3, O.

### WANT TO BE FIVE | EAGLE CLOTHING (continued from page 87) PLACES AT ONCE

... and never leave your desk?



Want to be at the elbow of all your key people every minute of the working day? Want to personally supervise their work-yet stay in your office and have ample time to create...plan...think... manage? Then you'll want to look into DICTOGRAPH.

A Dictograph installation is your control system. It speeds up the flow of information between everyone in your organization. And the telephone-your all-important link with the outside world and your customers-is left free for outside calls.

Let us prove DICTOGRAPH's possibilities in your case-with no obligation of course. Here's the coupon-it calls for action NOW, while non-defense installations are still permissible.

## THE PRIVATE TELEPHONE SYSTEM

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	44			



BEFORE Woman operator (right) makes a "book" stitch on the inside of sack coats on a special machine. In the old quarters she was squeezed in with others.



In the new plant she gets all the elbowroom she needs to handle the large volume of work that goes through her hands-all sack coats in the house.

". . . you pile bundles at a central work station, let an operator walk . . ."

EAGLE starts on p. 84

Most of the men's clothing industry is still shackled to its past. But when Eagle Clothes, Inc., of New York broke away from the traditional pattern last month, it went the whole hog. In its new plant, Eagle applies Detroit's assembly line technique to handicraft operations.

Like Eagle, many New York coat and suit makers started in a downtown loft. As business grew, more and

more machines and operators were squeezed into the limited space. Next step was to move to a larger loft, then take over several more lofts, and eventually to get several subcontractors to make, say, trousers. In recent years Eagle garments were processed at as many as eight different plants at one time. That's the way most garment manufacturers operate today.

· Radical Departure-Eagle's move is a milestone in the industry's growth trend. Its \$2-million, two-story plant in Brooklyn-covering 165,000 sq. ft. -houses all the operations that go into its clothes; other plants and subcontractors have been abandoned. And the helter-skelter production flow so common to this segment of the needle

trades (pictures, page 84) has given way to a straight forward flow of the

garment in process.

S. J. Capelin Associates, consulting production engineers who designed the plant and its layout, said: "We laid out the ideal process flow and built four walls and a roof around it." Capelin thinks that Eagle's new plant is head and shoulders above most garment factories in New York, where the men's clothing industry is particularly archaic. It's even ahead of modern plants in Philadelphia, Rochester, and Chicago.

Cloth coming into the new plant is sponged or preshrunk on the first floor. (Most of the industry relies on specialized sponging firms.) The material then goes to the cutting room. A conveyor lifts the precut pieces to the second floor, where all sewing operations are performed. This floor is so arranged that subassemblies like collars and sleeves feed into the main garment assembly line. The work moves across the plant floor from the first conveyor to another at the opposite side of the building, which lowers completed garments to the first-floor shipping department.

• \$2-Million Ante—To a production man in the metalworking field, this may look like the obvious way to do the job. But the changeover from the industry's tradition-bound ways was pretty revolutionary to Eagle. The company had to buy brand-new machinery and equipment, scrap all its old stuff. More

fundamental, it had to scrap a whole way of thinking.

The old plant had 30 sq. ft. per employee; the new one, 70 sq. ft. Under the traditional "bundle" system of production, that much space would put a strain on operators and stock inventories. In the bundle system, you pile bundles of work at central work stations, let an operator walk to get fresh work and deposit completed work.

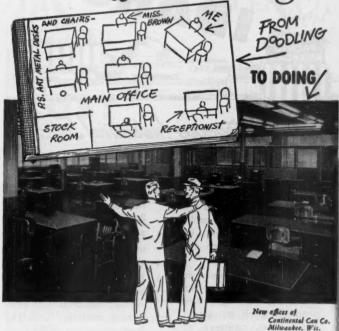
In Eagle's old plant, some workers had to walk as far as 320 ft. in extreme cases to get a bundle and return.

But in the new plant there are no bundles. Each garment in process moves along to each succeeding operation. No worker is more than 2 ft. from

his sources of supply.

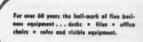
On-the-Spot Inspection—Some other features of the new plant are eye-openers for the industry. Instead of inspecting only the completed garment, Eagle now has interim inspection stations at key operations. These catch faulty workmanship at points where it's easy to trace and right the error. Individually powered sewing machines have replaced drive shafts powering a row of machines. That makes it possible to place machines where needed, to control machine speed to suit the individual operation. Steam presses and

## There's an Art to Office Planning-



NEED HELP?... Any Art Metal branch or dealer will help you "find" extra office space, by revising layout, regrouping equipment, streamlining work flow. If you expect to move, build, expand or modernize "some day" – it will pay to start your planning now,

HERE'S HOW... Call us in for a preliminary discussion of your objectives. There is no charge or obligation for this. We will also present an exhibit of office planning jobs completed to the satisfaction of many nationally known companies. If you would like to have a copy of our little encyclopedia on the subject, ask for a copy of "Office Standards and Planning." Address Office Planning Service Department, Art Metal Construction Co., Jamestown, N. Y.







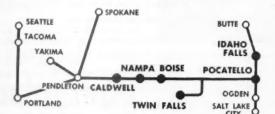
## Advantageous Industrial Sites

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Here industry will find:

- An available, unlimited supply of Utah-Wyoming coal in all commercial grades; butane and propane gas, and fuel oils.
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- 4. Unexcelled rail transportation as provided by Union Pacific.
- Excellent living conditions in an area famous for its recreational opportunities.
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Union Pacific still has many choice sites available in the Idaho area; industrial tracts suitable to the peculiar needs of various types of industry.

When seeking an ideal plant location for manufacturing, processing, packing, distribution—or other purposes—find out about Idaho.

System-wide, Union Pacific's industrial plant opportunities include sites in these eleven States: CALIFORNIA, COLORADO, IDAHO, KANSAS, MONTANA, NEBRASKA, NEVADA, OREGON, UTAH, WASHINGTON and WYOMING.

For detailed, confidential information please write: INDUSTRIAL PROPERTIES DEPARTMENT UNION PACIFIC RAILROAD, ROOM 156 OMAHA 2, NEBRASKA

### UNION PACIFIC RAILROAD

hand irons have been placed right in the production line in the proper sequence. They used to be grouped away from the sewing operations because the heat made sewing operators uncomfortable. Now a ventilating system that brings a complete air change every 3 min. climinates that bug.

• Higher Production, Lower Costs— The plant as now equipped has a production capacity of 6,000 garments a week. Eagle expects to build up to about 1,250 employees, 900 of whom will be on the sewing floor.

Vice-president and plant manager Thomas F. Tillona thinks the new plant will beat the old arrangement by at least 25% in productive efficiency. It will put an end to the trucking between intermediate plants and to the heavy insurance that had to be carried. Inplant materials handling also has been cut appreciably. Ben Goldman, president of the company, says that Eagle prices will be 8% lower than those for the industry on garments of similar quality. He feels new plant economies will turn the trick.

• Workers Benefit, Too-Amalgamated Clothing Workers of America (CIO) applauded Eagle's move. Practically all Eagle employees are piece workers, so that productivity gains at each operation mean more take-home dollars. Other employee comforts feature better lighting, posture chairs, a plant cafeteria, a landscaped roof garden, and two hospital rooms.

Because it's the first fully integrated plant in the men's clothing field, it's bound to have an impact on the industry. Competitive manufacturers already are taking a close look and waiting for

### Lubricant Speeds, Eases Cold-Working of Steel

Cold-working steel, whether you stretch it as in deep drawing or squeeze it as in extrusion, is a tricky business. Unless the work piece is properly lubricated, it will often be spoiled, and dies will wear out fast. Last week Pennsylvania Salt Mfg. Co. brought out a new lubricant coating process—called Pennsalt Foscoat—which it says will speed up cold-working operations, cut scrap losses, and extend die life.

The process is a packaged treatment consisting of three compounds: a cleaning and pickling compound, a phosphate coating, and a lubricant. Pennsalt says steel can be worked harder with its process because it imparts a lubricating surface that's chemically interlocked with the steel. No matter how tough the squeeze between die and work piece, the lube coating sticks to the surface and won't break down. Pennsurface and won't break down. Pennsurface and won't break down. Pennsurface and won't break down.

## MAGNESIUM

and the problem of

COST





in your product

THE cost of any metal extends much further than just the cost of raw ingots. This is particularly crue of magnesium, a metal that offers many economies from ingot to your finished product.

At the ingot stage, magnesium has an outstanding record of price stability. By its very nature ... electrochemically extracted from unlimited sea waters at our own shores . . . that stability is inherent.

Then there is the cost of metal fabrication, a cost largely dependent upon fabricating knowledge and facilities. Perhaps no other metal has advanced so rapidly in fabricating techniques in the past ten years. Today, magnesium is produced in all common forms such as extrusions, sheet, plate or castings at

prices generally competitive with other metals.

Within your own plant, magnesium offers many economies. It is one of the most machinable of all metals. It has excellent hot drawing qualities, permitting deeper draws than any other metal. And throughout your manufacturing and distributing processes, magnesium's light weight cuts the costs of transportation and handling.

But above all, magnesium cuts the competitive penalty of weight at the point of sale. Wherever a product is made to be moved, either by human or mechanical means, magnesium offers a real sales advantage, for it is the world's lightest structural metal ... one-third lighter than the next lightest metal.

### For your "Tomorrow's" Product . . .

Today, magnesium is a tremendously important part of our defense effort, and like many other metals, is required in great quantities by the government. But in planning "Tomorrow's" production, remember this fact: the seas, at our own shores can provide 100 million tons of magnesium per year for 1,000,000 years without significantly reducing the supply!

#### THE DOW CHEMICAL COMPANY

Magnesium Department • Midland, Michigan

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The more importance you attach to the factor of dependability, the wiser you'll be to fly a plane with Continental power. For Continental Motors not only pioneered in building engines for light aircraft, but has been at the very forefront in their development over the past 20 years.

During this period, Continental-powered planes have established record after record, not in one or two phases of performance only, but in all. They have traveled faster, flown farther without refueling, and — still more important as proof of inbuilt stamina — have three times set amazing new marks for nonstop flight.

Whether you go in for records, or for straight utility flying, make sure the engine in your plane comes of champion stock. For proved dependability backed by established world-wide service, line up with the overwhelming majority. Fly with Continental power.



Continental Motors Corporation

Aircraft Engine Division

MUSKEGON, MICHIGAN

salt and Heintz Mfg. Co. of Philadelphia jointly researched Foscoat. Here is how Foscoat increased effi-

Here is how Foscoat increased efficiency in deep-drawing steel cartridge cases: Normally, this job takes four drawing operations, with cleaning, annealing, pickling, coating, and lubricating following each draw. Only a single Foscoat application was needed for the four drawings, with no other intermediate treatment.

In drawing fine steel wire, Foscoat increased production 40% and increased die life two and one-half times. In a tube mill, wall thickness was reduced 80% with one Foscoat treatment, a 60% improvement over the old way.

Foscoat can be applied by spraying or dipping. It behaves as a spongy, absorbent coating that reacts chemically with Foslube, its companion lubricant. For proper precleaning before coldworking, Pennsalt recommends Fosclean pickling and alkaline cleaners. These products make up the integrated process.

Heintz research with cold extrusion as a way to save steel gave birth to the packaged treatment idea. Now that the lubrication problem has been licked, say Heintz engineers, the next step toward broader use of cold extrusion is properly designed presses that are big enough to take advantage of the higher cold-working limits.

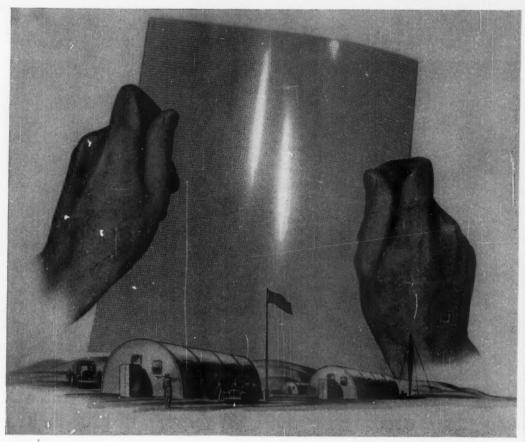
### PRODUCTION BRIEFS

A monitoring network, made by General Electric for Philadelphia Transportation Co.'s 600-mill system, tells the location and headway of each of the city's trolleys and electric buses. When the time schedule between two consecutive vehicles is off, the monitor warns a central operator, who then trouble-shoots by two-way radio.

A 1-million-power microscope that uses only electronics instead of electronics plus lenses and magnets has been built at the University of Chicago. Designed for studying metals, it's cheaper to build than commercial units and has a greater magnification.

Gas turbine applications in electric power generation will be researched by the Air Force Scientific Research Board for the Tennessee Valley Authority. The new Arnold Engineering Development Center at Tullahoma, Tenn., will probably get the project.

Chlorine and caustic soda output at Allied Chemical & Dye Corp.'s Solvay Process Division will be doubled by a \$10-million expansion that will take about two years to complete.



## Lumapane ... SHATTERPROOF FLEXIBLE GLAZING

## SERVES AS WINDOWS AND TRANSOMS IN PORTABLE ARCTIC SHELTERS, QUONSET HUTS AND OTHER TEMPORARY SERVICE BUILDINGS

Lumapane is clear, wire-reinforced, flexible glazing with a smooth acetate plastic surface that allows the same degree of good visibility as fly screen. Possessing fine dimensional stability, Lumapane is unaffected by temperature extremes . . . serves effectively even in  $50^\circ$  below zero weather.

Lumapane is light in weight, easy to install, usable again and again. With a bursting strength better than 200 lbs. per square inch, Lumapane is also widely used as blowout windows in munitions plants.

If your manufacturing requirements call for a tough, light-weight, flexible glazing, write for additional information to: Celanese Corporation of America, Dept. 129-6, 180 Madison Avenue, New York 16, N. Y. In Canada, Canadian Cellulose Products, Ltd., Montreal and Toronto.

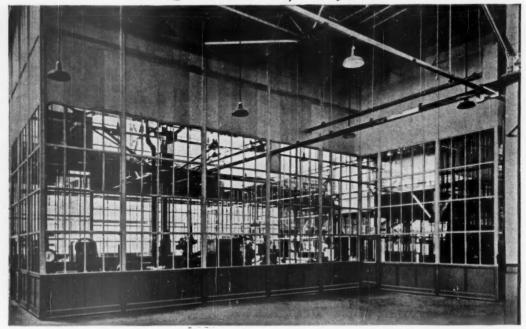
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Hauserman was the first Movable Steel Interior manufacturer to establish a nation wide sales and service organization. This Hauserman national field force now has nearly 40 years of uninterrupted service experience. In original installations, re-arrangements, and service work. You get lifetime service from Hauserman, no matter how large or small the job, or where the installation may be. More Hauserman partitions are in use today.



than all other makes combined. And this leadership grows greater every year.
Send coupon for Hauserman full-color descriptive booklet, and ask a Hauserman representative to call.

Organized for Service Nationally since 1913

### Don't say "Can't" in your plant

... meet mobilization needs with Hauserman Movable Walls!

Your plant is an important link in the national defense program. Suddenly the demand may be for heavily-increased volume of your present products. Or you may be faced with completely new production requirements. In either case

you can quickly shift floor plans, machine placements, departmental locations, production channels, and make other imperative changes, if you're fortified with Hauserman Movable Steel Walls!

Although these strong walls are of the permanent type, they can be moved easily and inexpensively at any time, without production delays or inconvenience to employees. There's a suitable type for every plant operating need, including control of traffic, sounds, drafts and dust; isolating test rooms; and enclosing supervisory departments.

Send the coupon below for *The Inside Story of Building Economy*. For a prompt personal call from your nearby Hauserman office or representative, consult your classified Telephone Directory. See"*Partitions*."

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### **NEW PRODUCTS**



### **Tidy Tile Cutter**

Tilesctters and plumbers need no longer fret over ceramic tiles cracking or chipping while being cut to fit around pipes and fixtures. The Perfect Circle Tile Cutter, a small, portable, hand-operated machine, makes circular holes in ceramic tile as neatly and easily as an auger bores a hole in a piece of wood.

The tool is 5 in. high, has a 13-in. x 17-in. metal base. The first thing is to clamp the tile to the base. Then turn a handle on the top; a vertically mounted rod with cutter blades at the bottom descends on the tile. Each turn lowers the cutter 0.008 in. The hole reportedly is cut through in less than a minute, with no more effort than it takes to operate a can-opener.

Adjustable blades make holes ranging in diameter from 14 in. to 2 in. 

Source: McLin & Grody, 4532 San Fernando Rd., Glendale 1, Calif.

· Price: \$25.

### Filter for Odors

While a filter is trapping dust particles, it might as well get rid of odors, too, Research Products Corp. says. The company has developed a deodorizing filter for use with hot-air heating units in homes, offices, and plants.

A special deodorizing chemical, packed in a small, unbreakable container, comes along with a permanent aluminum filter. Periodically, you flush out the filter with water and spray on a few ounces of the chemical adhesive. Then you reinsert the filter into the furnace. Dust, odor, and smoke are kept from circulating about the rooms.

The company says you can also impregnate the porous fibers of standard throw-away filters with its liquid solu-

tion.

 Source: Research Products Corp., 1015 E. Washington Ave., Madison 10. Wis.

## Rockwell Report



by W. F. ROCKWELL, JR.

President

Rockwell Manufacturing Company

For 19 years our Delta Power Tool Division has been publishing the Deltagram. Started as a simple little folder to suggest "make-it-yourself"

projects to those who had equipped home workshops with Delta tools, it has now grown into an ambitious publishing program.

One typical recent issue included complete construction plans for such items as these—a toy racing car, book-ends, utility cabinets, a mystery bank, a chatter chair, scroll saw designs, a draftsman's pantograph, charm bracelet minatures, living-room fireplace, built-in cupboard, a child's sleigh bed, folding saw horses, an upholstered chair, and a work bench. It also had tips on tenoning, mortising, and using the shaper cutter.

To prepare this magazine every other month, Delta has set up a complete model workshop, keeps a full-time carpenter test-building every project, and three other men planning and designing things to be built. Most of the project suggestions come from homecrafters who are about the letter-writin'est people you ever knew.

Finally, to see that the Deltagram got to the home workshop fans who really wanted and used it, we had to put a price of \$1.00 a year on it, and the hobby fans tell us it's worth every cent.

The invention of the electric light by Edison in 1879 threatened the gas companies with extinction because, up to that time, gas was largely used for home and street illumination. Gas companies therefore began to promote gas for heating. Today, with natural gas being piped to virtually all sections of the country and with more and more people anxious to convert to gas heating, the utilities are hard-pressed to keep up with the demand. To cut delivery time to the utilities of Rockwell gas meters from our Dubois, Pa., plant we are making direct shipments in our tractor-trailer trucks carrying 1,000 meters a load.

Interesting facts about Rockwell-built products: A 20-year audit of sales of Nordstrom lubricated plug valves shows that repair and replacement parts account for less than 1/2 of 1% of sales . . . Edward valves, which we build in East Chicago, Ind., have been used in well over 90% of the high pressure steam power generating stations built in America since the war, a check of a series of Power magazine surveys shows . . . New style Ohmer taximeters, built to fit the glove compartment, enable cab companies to use standard cars and put riders or luggage in the front seat without space-stealing posts or brackets to hold the meter. More Ohmer taxi meters are in service than any other make. In the 1860's, Appalachian district sold for as much as \$8.00 a barrel. Transportation to the markets via drays and barges was a costly procedure. The first oil pipeline, built in 1865 and those that followed soon brought oil prices down. Today we get our gasoline and oil from a vast network of pipelines. Many of these are controlled with Nordstrom valves while the quantities are measured at input and dispersal points through banks of huge meters also made by Rockwell.

One of a series of informal reports on the operations and growth of the ROCKWELL MANUFACTURING COMPANY

PITTSBURGH 8, PA.
for its customers, suppliers, employees, stockholders and friends.







Two links of receiving and transmitting antennas of Central Arizona Light & Power Co., located on roof of generating plant.



RCA Microwave Transmitter-Receiver. The generating plant and each switching station has a transmitter-receiver.

Since June 1949, the Central Arizona Light & Power Company, Phoenix, Arizona has used an RCA Microwave System for remote control of switchgear... telemetering of voltage, current and power... two-way voice communication—between a generating plant and two remote switching stations.

Despite severe lightning storms, temperatures of 140 F, unusual exposure to wind, sand, dust, and insects, RCA Microwave equipment has provided excellent continuity of service.

### Reliable Performance, Lower Costs

This modern system of communication costs less per mile to construct and operate than conventional wire or carrier current systems. Parabolic antennas focus transmitted signals to span distances up to 35 miles. Repeater stations provide a path for signals over mountains, rivers and rolling countryside. The equipment is designed for unattended operation and may be installed at locations which are inaccessible for periods of several months. Channels are provided for supervisory control, teleprinter, facsimile, two-way radio, and many other circuits.

RCA engineers are at your service for consultation on microwave systems. Write to Dept, S-16 for complete information.



MICROWAVE COMMUNICATIONS SECTION

RADIO CORPORATION OF AMERICA

ENGINEERING PRODUCTS DEPARTMENT, CAMDEN, N. J.

in Canada: RCA VICTOR Company Limited, Montreal

#### **NEW PRODUCTS BRIEFS**

An automatic transfer machine, for drilling oil passages and lightening holes in cast-iron-alloy crankshafts, that has a special safety feature is made by Snyder Tool & Engineering Co., 3400 E. Lafayette Ave., Detroit 7, Mich. An emergency setup stops all parts in process and returns them to the loading point in case of trouble.

Antifatigue floor matting called Lite Step consists of a ½-in. corrugated rubber top on a ½-in. sponge-rubber base. It's for back-of-the-counter and production-line foot comfort, according to manufacturer Ace Hose & Rubber Co., 1706 S. State St., Chicago. Lite Step can be cut to fit unusual shapes, requires no installation.

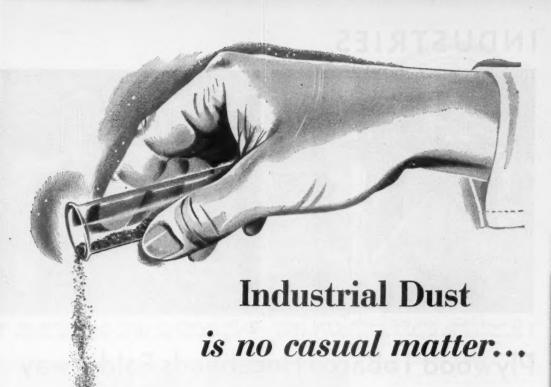
You can douse fire effectively by attaching a gun-type nozzle to your garden hose, says Bete Fog Nozzle, Inc., 85 Pierce St., Greenfield, Mass. Using household water pressure, the nozzle creates a fog that blankets small fire. It's also good for washing windows, sprinkling clothes, and spraying tender plants.

Instant hookup of construction and industrial pipe lines without the use of tools is claimed for Quick-Lok couplers. The aluminum alloy couplers withstand a pressure of 300 lb. per sq. in., include a gasket seal, according to manufacturer R. M. Wade & Co., Portland, Ore.



### Gas Pump Serves Double

Siamese twins may not be a rare sight in the near future—at least in service stations. With a hose at either side, the Siamese Twin gas pump doubles the number of cars a pump island can handle at once. Manufacturer Bowser, Inc., Fort Wayne, Ind., says it delivers to two cars almost as fast as a single pump, takes little more space.



Profits, production, employee morale—yes, even plant-community relations—are vitally affected by industrial dust. This you already know.

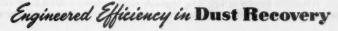
For, when you collect your valuable dust you come out ahead on all four counts: Production and profits go up... employee morale increases...plant-community relations reach new, happier levels.

It is for these sound business reasons that industry's interest in dust has gone on an upswing. And—why interest in Buell has so steadily grown.

Buell knows dust. A Buell engineer can show you specifically how to turn dust into profits in the quickest, most economical way. Call him in at your earliest convenience. Or—write today for the latest Buell catalog. Buell Engineering Co., Suite 5005, 70 Pine Street, New York 5, N. Y.



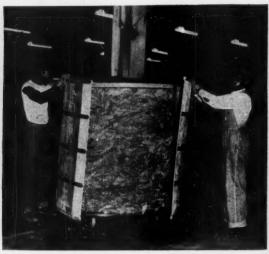




### INDUSTRIES



1 To unpack tobacco, worker strips collapsible plywood hogshead from around it. First he pulls off solid top, stacks it with others.



2 Then he upends the hogshead on a dolly, swings open the hinged plywood sides, and lifts off the other end piece.

### Plywood Tobacco Hogsheads Fold Away

Not since the invention of the cigarette-making machine in 1884 has the tobacco industry seen such a boon. By a simple substitution, the whole method of handling raw tobacco has been changed, and the industry has saved itself millions of dollars.

 Build and Rebuild—For over 150 years, raw tobacco was carried and stored in huge wooden hogsheads—flatsided barrels that stand almost as tall ras a man and as big around as a wagon wheel. Tobacco had to be packed and repacked at least three times in these containers before it was ready for manufacture. And each time, the hogshead had to be broken apart to get the tobacco out, then built up again.

That was a tedious process, but the industry stuck by its hogsheads because they were stronger than a box and were easy to roll around. During

the thirties, however, when the cost of labor and lumber began to rise, it became apparent that something new was needed.

**Collapsible Hogshead—The answer, provided by R. S. McConnell, a whole-saler of West Coast lumber, was a collapsible hogshead made of Douglas fir plywood. McConnell had been supplying lumber to tobacco companies for their hogsheads, but as his timber



ON TOBACCO ROADS in early days, hogsheads rolled by horseand ox-power from the fields to markets, many miles away.



A PILE OF STAVES, head boards, kinked metal bands is all that's left after old-style hogshead is stripped from tobacco.



3 Sides of collapsible plywood hogsheads stack flat when not in use. Knocked down, 400 of these hogsheads can be shipped in a boxcar. They can be used again and again.



4 Repairs are easy. Workmen in cooperage shop drive out a damaged stave, slide a new one into place. Old-time hogsheads had to be rebuilt from scratch every time.



## Contracts and Sales!

FOR YOU, Dodge Reports are like the eyes of business. They discover for you—early and daily—the facts about construction jobs to be built ... about bidding and award of contracts as these jobs progress. You can cover thoroughly, a single county or any larger area of interest to you within the 37 eastern states.

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- You know who and where your prospects are and when they should be seen.
- Multiply your time and reduce your costs by saving yourself many useless trips.

### Without Dodge Reports

- You may never have a chance to bid on or sell what might well be your best opportunities.
- You would spend far more money looking for bidding or selling opportunities than you have to.
- You can't keep informed on the changing factors and may lose out by not knowing whom to see and when to see them.

A Dodge man — A qualified consultant on this most vital "First Step" in the selling process . . . A man who knows how to cut selling costs and save your time — will gladly show you how you can make the best use of Dodge Reports . . . Thousands of firms are using this profitable construction news service year after year, and have been over the past 59 years.

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MAIL THIS COUPON NOW
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I would like to see some Dodge Reports on business within my area. I do business East of the Rockies.

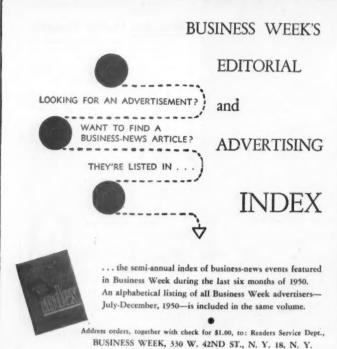
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Dodge REPORTS

Construction News Division
F. W. Dodge Corp., 119 W. 40 St., N.Y. 18







ONE MAN, one tool squeeze sides of plywood hogshead together against load.

resources began to dwindle and prices rose he became interested in plywood for the hogshead. By 1936 he succeeded in selling fir plywood to R. J. Reynolds Tobacco Co. for its conventional hogsheads. The economies in reduction of breakage of staves and in reduced weight was an eye-opener. McConnell went on to develop and patent a collarsible hogshead.

In 1937 Liggett & Myers Tobacco
Co. accepted this on a strictly experimental basis. In the same year, R. J.
Reynolds began manufacturing its own

plywood hogshead.

The collapsible hogshead was first used for shipping tobacco from "green markets" to drying plants. Savings here prompted the industry to give it wider use. Today about 2-million plywood hogsheads are in use by the three major tobacco companies. The old hogshead is now as passé as rolling your own.

• Light, Compact—The salient features are lightness, simplicity of construction, and compactness for return shipment of empties. The collapsible hogshead has four prefabricated parts—two wrap-around sides reinforced with steel bands, and two heads. In typical construction, each side contains 15 flat plywood staves, ¼ in. thick, bound together by five metal straps, hinged at the ends to take hinge pins. Each head consists of a single piece of half-inch plywood. Heads are held in place by cleats at the end of the staves, and sides are fastened by inserting the hinge pins.

• Sales Tactic—Though the collapsible hogshead now is the accepted method for handling tobacco, the first selling job was not easy. McConnell met continuing resistance and prejudice against plywood, in part the result of disastrous experience with inferior plywood.

At one point in his sales campaign,

"...It used to take a whole gang to wrestle one into place ..."

HOGSHEAD starts on p. 98

McConnell bet a skeptical group of tobacco men a new suit of clothes that a 3-in. fir plywood head would stand up under the load imposed by stacking hogsheads three-high, one directly on top of another—a load of around 3,500 lb. The pieces in the older hogsheads always popped out under this load. But plywood took the strain, and McConnell won a suit. He hasn't been able to make enough plywood hogsheads since.
• Savings—The ability to stack the loaded plywood hogsheads in tobacco warehouses contributes one of the savings, cutting storage space by about 5%. It also changed the whole method of storage. It used to take a whole gang of men to wrestle one of the older hogsheads into place on the stack. Now one man with a fork-lift can raise a plywood hogshead while another rolls it into position.

One of the most spectacular economies comes from elimination of the large cooperage shops at the industry's redrying plants and at 125 buying points. About 10 men now handle the repair and assembly of hogsheads where it once was necessary to have around

300 for the job.

There is an equally impressive saving in weight and shipping costs. The old yellow pine hogshead weighed 150 lb. to 165 lb. Oak hogsheads weighed more than 200 lb., compared with 94 lb. to 110 lb. for the plywood hogshead. Dismantled hogsheads can be reshipped to loading points at low cost. A box car will carry 400 hogsheads of the type that lie flat when knocked down, and a truck-trailer will carry 155 to 170.

• Three Types—Three different types of plywood hogsheads are in use now. Most are manufactured for Liggett & Myers under a McConnell license held by Collapsible Container Co., Aberdeen, S. D. R. S. Reynolds makes its own containers under license from McConnell. American Tobacco Co. uses a wire-bound hogshead manufactured by General Box Co. in Louisville.

• Other Uses—A number of companies outside the tobacco industry are now looking into the use of collapsible plywood containers as a way to save space, labor, and money. One company is using these containers experimentally to handle choice chinaware. Even with a 700-lb. load, it finds, it can pick the plywood containers up by its sides and hoist it out of the hold of a ship. Another is trying out a collapsible plywood box to carry office equipment.



Monochloroacetic acid, m'lady. This tongue-twisting chemical goes into the home permanent that gives you those pretty curls... and helps make dozens of other things you buy and use.

Even manufacturers hardly realize the full possibilities of this versatile chemical. Monochloroacetic acid or its derivatives are used in making creams and lotions, paper and textiles, paints and adhesives, drugs and dyestuffs, weed killers and detergents. Hooker Monochloroacetic Acid is one of the hardest working members of the family of over 100 useful Hooker Chemicals.

If you use monochloroacetic acid, caustic soda, chlorine or other chemicals in your processing, you will be interested in the advantages Hooker offers. You will appreciate the way we meet exacting requirements in product quality and in shipping and delivery service.

It will be a pleasure to send you our new booklet "Story of Hooker Chemicals," which describes what we do to help our customers make a better product, more profitably.

From the Salt of the Earth



21 FORTY-SEVENTH ST., NIAGARA FALLS, N. Y. New York, N. Y. • Wilmington, Calif. • Tacoma, Wash.

CAUSTIC SODA • CHLORINE • SODIUM SULFIDE and 100 other useful chemicals for industry





Management has found it pays big dividends to add paper cup service to bubbler fountains — for complete drinking water service.

**Because** surveys at public fountains show 8 out of 10 people prefer — and look for — paper cups.

**Because** paper cup service cuts risk of contagion, reduces absenteeism, fosters efficiency and morale.

And AJAX cups, economically printed, can put any desired message right before the eyes of every user.

Modernize your drinking water service—easily, economically. Send coupon for fact-filled folder "X Marks the Spot."



## AJAX PAPER CUPS DISPENSERS CUP FILLERS

General Offices: Springfloid 2, Mas 14 Divisions from Coast to Coast	
Gentleman: Send me without obligation your folde Complete Drinking Water Service, and sample imprinted AJAX Cups.	r on s of
Name	
Firm	
Address	

### MARKETING



MILD, LIGHT, AND DRY are the basic ingredients of a liquor or tobacco ad, because ...

### U.S. Taste Buds Want It Bland

Changing tastes, changing times, or hypnotic advertising may be behind the country's long-range trend away from strong tasting food and drink.

Last week Schenley Industries, Inc., tossed its hat into the trend-to-bland ring. It started distribution of its Sir John Schenley, a blend of eight-yearold whiskey with aged neutral spirits.

The company isn't aiming at the low-price market (Sir John will sell in New York for about \$4.80 a fifth). It's tuning in on the nation's long-range trend toward bland food and drink.

What's really behind Mr. and Mrs. America's changing taste is anybody's guess. In any case, the trend can't be pinned down to any one factor.

• Psychological Buildup—Ad agencies have spent millions—and reaped even more millions for their clients—by building up their products on the basis of their "mildness," "lightness," and "dryness." The reading public is impressed by these words. Psychologically, they excuse that extra drink or sabotage the resolve to cut down on smoking. A Martini, for example, is anything but mild. Most Europeans shudder as Americans pour the high-test stuff down their throats. But the Martini has certainly become "drier"—that is, it has more gin in it, less color; it also has

drier vermouth now than it once did.

• Cherchez La Femme-Another fac-

tor in the trend is that more and more women smoke and drink. The ladies found the harsh Turkish tobaccos and strong liquors distasteful, hence milder blends to suit the delicate taste.

• Liquor-Scarce Era—Prohibition had a hand in it, too. Old brewers and distillers went out of business. Established tastes for liquor turned into a taste for just about anything you could get. And World War II educated a new generation of drinkers in blends.

• Cities Take Over—On top of this, there's the increasing urbanization of the U.S. People moved to the city, or the city moved out to them. In either case, it was the same. There was no place in the sophisticated salon or the ritzy cocktail bar for corn likker—it's place was out behind the barn.

The move showed up in the kitchen, too. Women stopped baking their heavy bread and other food that took time and space—and followed neighbors to the A&P to get bland white bread.

 Modern Progress—Standardization of taste inevitably followed. Local brew-

eries-many of them originally run by first-generation brewers from Europewent out of business. Local distilleries were absorbed into the major distiller setups National bakeries sprang up.

· Shining Examples-The common denominator of the mass taste increasingly

became blandness.

Take the business of white bread. Despite all the ballyhoo over the nutritional values of darker breads, white bread is still far and away the best seller. And the research director of a leading food company says no company in its right mind brings out a highly flavored cereal.

The same goes for tobaccos, where the trend has been at work for a long time. The big shift started shortly after World War I, when such strong smokes as Home Run and Picavune began to give way to milder blends. Turkish leaf was about 20% of the total in 1925: by last year it had dropped to 5.6%.

Liquor people also think that taste is working against the straights. Big distillers will tell you that the man who thinks he likes his whiskey straight will go for a blend in blindfold tests. From all the available data it looks as though Americans of the 1950's like their

drinks well watered down.

• Proof of the Pudding-A test made by the Princeton (N. I.) research firm of Benson & Benson for Crowell-Collier Publishing Co. showed that very few people like their whiskey straight any more. Only rye addicts like the plain, unvarnished products. When the effete drinkers of bourbon, blends, Scotch, Irish, and Canadian whiskeys order a drink, they order a highball.

This finding is borne out by another survey made in 1948 by the publication Hotel Management. No. 1 favorite at top-ranking hotels and restaurants was a Scotch highball; No. 2 was a bourbon highball. In the case of No. 3 favorite, there has been a change since the survev, which found the Manhattan in the third slot. All evidence today suggests that Martinis are elbowing the sweeter Manhattans out of the way. (Some liquor people believe the Martini is

actually No. 1 now.)

G. F. Heublein & Bro., Inc., which has long made drinks ready to serve, has considerable testimony to back up the advance of the ubiquitous Martini The company started years ago with two Martinis-a dry and a medium sweet. First it had to drop the sweet mix and replace it with an extra dry one. Now Heublein has done even better. It has added a Gibson-five gin to one vermouth, which makes a delicate, almost tasteless drink.

· Alcoholic Ratings-Heublein also reports another newly acquired taste in the U.S. Vodka is going great guns, especially on the West Coast. Ten years ago when Heublein acquired the

rights to Smirnoff vodka, few people had even heard of the stuff. Today it's one of Heublein's best sellers. Why? It's colorless, nearly tasteless, mixes with anything from tomato juice to Seven Up.

In beer-the nation's most favored alcoholic beverage by far-there is also a definite trend toward the "light" and It's a hardy brewer today the "dry." who will label his product "dark" or "heavy." It has to be dry or light-or else. Ballantine, as one example, reports that bock beer is now its only dark beer, and the bock season only runs a couple of weeks. Ruppert has chucked its dark beer out of the window, reports big gains on its new light Knickerbocker brand (BW-Jun. 23'51,p156). Piel in a big news ad this week defined dry beer as one that has a minimum of nonfermented sugar -and adds that Piel's is "truly as dry as beer can be.'

· Psychology-Ernest Dichter, consulting psychologist for industry (BW–Jun.23'51,p68), puts this light on changing tastes: Tobacco and alcohol, he says, are "indulgence" products. People want them just as much as ever for their drug effects, but they don't want to be punished. So they win "absolution" by saying that it's mild. And because they want it mild, the producers advertise that mildness is what they'll get in their brands.

But if you like your corn straight and unadulterated, there's still some hope for you. For Dichter thinks that what we are witnessing in advertising is a form of camouflage, highly urban in development. In country places, he feels, camouflage still isn't so im-

### Servel Switches Signals, Decides to Boost Prices

Servel has had to make an aboutface in its pricing policies.

A few months ago it made the dramatic gesture of reducing prices when it introduced its new refrigerator models (BW-Feb.17'51,p89). was made possible in part by redesign, which lowered production and material costs. But Servel was also gambling on getting enough production to keep the per-unit overhead costs down-even though material shortages were already developing.

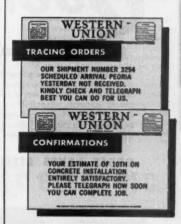
· About-Face-There's where Servel missed its guess. In announcing its new line of electric refrigerators last week, the company stated that it would have to boost prices. One of the main reasons for the boost-the exact amount of which has not yet been determined -is the fact that Servel's present rate of production is considerably lower



Mail piles up. Delays happen, Telegrams command attention, get results-fast!

For any business purpose

A TELEGRAM DOES THE JOB BETTER



WESTERN UNION CREDIT CARDS

save prepayment of domestic or international messages. A great convenience for travelers at hotels, airports, railroad stations and "en route". Ask your nearby Western Union office for details.



## THE ANSWER TO THE NATION'S NEED...



Build Quicker with QUONSETS

IDEAL FOR FACTORIES, WAREHOUSES, MACHINE SHOPS OR STORAGE BUILDINGS

For additions to your present plant—or for new plants—Quonsets mean fast completion, economy of materials, adaptability to any use. Also, when plants need expansion, you can add Quonset to Quonset, according to the need.

Made of N-A-X HIGH-TENSILE steel, Quonsets provide non-combustible construction and permanence far surpassing less modern buildings. They require little upkeep—are easily maintained. Let Quonsets serve you.

GREAT LAKES STEEL CORPORATION



Expansion Completed ditional Quantets, with ext

Additional Quonsets, with extensions and connecting arches, provide Spartan Aircraft Co. with a total of 35,600 sq. ft. of floor area.



Stran-Steel and Quanset Reg. U.S. Pat. O

than it had counted on. Because of shortages, Servel's Evansville (Ind.) plant is turning out only about 900 boxes a day-against a potential output

of 2,000 daily.

Other factors behind the increase, according to Servel's president, W. Paul Jones, are higher wage rates and increased material costs.

or Different Heating Element—The new electric boxes will supplement the present line of gas refrigerators and will cost the same. Only difference between the two will be the fuel used to run them. At one point in the production line, Servel merely puts in a different heating element. (The company also makes a kerosene-burning refrigerator, used in isolated places.)

### MARKETING BRIEFS

A line of appliances will supplement the present RCA line of TV sets and radios. There has been no official announcement yet. But the new line may appear next year.

Grand Union has acquired a food chain in northern New Jersey. Through a stock transfer, it will add the 35 stores of Great Eastern Stores to its current total of 286.

A new symposium just published by the University of Illinois Press is Changing Perspectives in Marketing (\$4). It contains 15 papers by Paul D. Converse, Ralph Starr Butler, Wroe Alderson, Paul H. Nystrom, and other experts. The volume grew out of the Paul D. Converse National Awards for significant contributions to the theory of marketing. These awards are administered by the Central Illinois Chapter of the American Marketing Assn.

TV color converters for the CBS system will be on the market in August, says John Meck Industries. Retail price will be about \$150. Meanwhile, RCA this week began public demonstrations of its own compatible system in New York City.

Another newspaper merger: The Lake Charles (La.) Southwest Citizen, a morning newspaper, has been sold to its afternoon competitor, the Lake Charles American Press. Reason given: increased costs.

Door-to-door canvassers may be regulated by an ordinance under consideration by the Detroit city council. Door-to-door sales people fear a rash of such ordinances as a result of the Supreme Court's recent decisions upholding the so-called Green River laws (BW—Jun.16'51,p150).



## PERSONAL WEATHER CONTROL AIR CONDITIONING

YEAR 'ROUND AIR CONDITIONING for new First National Bank Building of Amarillo, Texas, is provided by G-E Personal Weather Control. G-E Central Plant units and individually-controlled room units are used. Architect and engineer:
Bank Building & Equipment Corporation of America, St. Louis, Mo. Air conditioning contractor: Sebastian-Fulcher Air Conditioning Company, Austin, Texas.



In Amarillo's First National Bank Building...

### SINGLE G-E SYSTEM AIR CONDITIONS BANK, SHOPS, OFFICES



FIRST-FLOOR BANK SPACE is cooled in summer and heated in winter by remotely located G-E central plant units. They're' quiet, long-lasting, and give top performance under all conditions.



NO COMPRESSOR IN SMALL ROOM UNITS used in individual offices—just quiet fans, filter, coil and motor. Room occupants set temperature and fresh air supply they want without disturbing others. Units are supplied with handsome cabinets (above) or are conceded in walls. Windows are never blocked.

TO PROVIDE AT LOW COST the right air conditioning for such varying applications as a bank, several shops, and eight floors of offices, top-ranking Bank Building & Equipment Corporation of America specified the extremely flexible G-E Personal Weather Control System for this beautiful new Amarillo building, tallest structure of its kind in the Texas Panhandle.

In the bank, the shops, the basement, and the upper-floor interior zones not exposed to outdoor climate changes, heavy-duty G-E Central Plant units are used with standard ductwork. G. E.'s wide range of sizes and shapes makes the most of available space.

TO INCREASE THE VALUE OF OFFICE SPACE...famous G-E Personal Weather Control cools and heats outside offices with 300 tenant-controlled room units. Each room occupant gets the weather

he wants—without disturbing other rooms. These units are supplied with hot or chilled water according to season from the same plant that services the large-space units. Fresh air is supplied through space-saving, cost-cutting small-size ducts.

"WE CHOSE G-E equipment because we knew it would produce the results desired," says J. B. Gander, president, Bank Building & Equipment Corporation. "These results have been achieved ... the system has proved to be very adaptable and economical."

Building value increases materially when you install G-E Air Conditioning. That is why G-E Systems are installed in 10 Sheraton Hotels...the prominent new 575 Madison Avenue Building in New York City...and other leading multi-room buildings all over the United States.

### GENERAL ( ELECTRIC

FREE	
DATA	

E General Electric Company, Air Conditioning Division, Sec. BWW-10 Bloomfield, N. J.
Please send me, without obligation, detailed information on G-E Air Conditioning Systems.

to architects, NAME......

huilders, contractors, and huilding owners. ZONE.....STATE....





You may not be traveling to the North Pole, but anywhere else your funds will be safe and spendable if you carry NCB Travelers Checks. You get a full refund if they are lost or stolen. Cost 75c per \$100. Buy them at your bank!

The best thing you know wherever you go

### NATIONAL CITY BANK TRAVELERS CHECKS

Backed by The National City Bank of New York Member Federal Deposit Insurance Corporation

### THE MARKETING PATTERN

### Fair Trade's Legacy: II

OW DO YOU distribute your goods? This is a basic question underlying a great deal of the fair trade furor.

Fair trade gave manufacturers the chance to distribute in practically every store in their field without the price variations that make storekeepers angry. But even before the Supreme Court kicked the nonsigner prop out from under Miller-Tydings, there were troubles, particularly in appliances.

A major difficulty was that manufacturers wanted to have their cake and eat it, too. They sold to every Tom, Dick, and Harry. This meant that the manufacturer had to keep the retail price of his goods high enough to keep the marginal dealer in business. And this provided constant temptation to the big low-cost operators to cut prices.

But before this, some manufacturers had already faced the basic distribution problem. One of the best postwar examples is Thor Corp., major maker of washing, ironing, and dishwashing machines.

ARLY LAST YEAR Thor took stock of its distribution setup, didn't like what it found. Mass distribution in appliances had mushroomed after the war. In fact, appliances got a bigger influx of newcomers than any other retailing field (BW-Jun.16'51,p44). Thor alone had no less than 22,000 outlets.

Thor found that for its type of heavy specialty item this setup was no good. Too many competing dealers could only compete on price—hence, price cutting was inevitable. Thor found this out in 1948, when sales slowed down. It was troubled by price cutting in St. Louis and several other areas.

Thor also discovered that many of these new dealers were dealers in name only. From this stemmed not only price cutting, but also neglect of sales effort, disregard of service, and loss of consumer goodwill.

But perhaps most important, Thor found that 80% of its volume was being produced by only 20% of its dealers.

**S**O THOR MADE a logical decision. It decided to cut back its dealer list, go over to selective distribution (BW-Feb.18'50,p58).

Its object was to make Thor important to the dealer and the dealer important to Thor.

Since the plan went into effect in February, 1950, Thor has cut back from 22,000 dealers to just over 5,000. Of these, about 3,500 are what Thor calls "AA" or key dealers. It figures that one out of about 10 major appliance stores are Thor dealers—which Thor thinks is quite satisfactory.

By limiting the number of dealers, Thor feels that it has strengthened them by giving them, in effect, a territory and a sales quota based on a known sales potential. Also, Thor has cut down on sales expense, made all its operations simpler and more efficient.

The franchise Thor writes with dealers doesn't mention prices. In return for an exclusive sales area, vigorous advertising support, and special sales prometion campaigns, the dealer is required to maintain a sales quota on Thor appliances. The franchise runs for a year, and if the dealer doesn't make his quota he is dropped. The dealer also agrees to identify his store with a Thor sign, give the Thor line equal space on his floor with any competitive line, maintain a stock of factory parts, and fulfill like requirements.

THE PROOF of Thor's system lies in its success. Sales rose from \$23.8-million to \$29.9-million in 1950. Thor freely admits that much of this increase was due to the post-Korea buying spree, but it is firmly convinced that the selective distribution program also played a part. Sales for the first quarter of 1951 were \$8.3-million compared with \$6.7-million last year.

Thor is more than satisfied with the effects of its new setup. It says that it gets greater value for each advertising and promotion dollar, while the dealer gets a stronger franchise and more intensive sales help from Thor and its distributors. Additionally, spot checks show that Thor now gets from 25% to 85% of the unit sales of its dealers, as against only 2% to 30% in 1949. Thor says it has been able to

Thor says it has been able to stop price cutting almost entirely. Thor also reports that its dealers are happy with the arrangement. One dealer in 1950 ran 22% ahead of his sales quota.

## Richfield Loses

Court rules that leased stations are independent businesses that can't be forced into exclusive dealing.

Another round in the antitrusters' attack on exclusive dealing has gone to the government. In Los Angeles last week, Federal Judge Leon R. Yankwich ruled that oral and written contracts between the Richfield Oil Corp. and operators of its 3,000 stations violate the federal antitrust laws.

The court order enjoins Richfield from enforcing its 24-hour cancellation clause or any other written or verbal arrangements with dealers that would force them to deal exclusively in Richfield products and auto accessories.

During the trial the government insisted that the Richfield case covered the same ground as the case it won against Standard Oil Co. of California (BW-Jun.18'49,p21). But Richfield claims the case broke new ground, that its particular situation is not covered by antitrust laws. On that basis it will appeal to the Supreme Court.

• Two Classes—The suit involves two classes of service station outlets: (1) the independent stations, which Richfield says it does not control, but which it supplies under sales contracts; (2) the "leased-out" stations.

The issue over independent dealers was shoved into the background early in the trial, and testimony and argument concentrated on the leased-out operators.

The leased-out stations are ones that Richfield owns or holds under long-term leases and on which it claims a clear right of control in all respects. Richfield runs these stations by leasing them out to an individual operator and retains effective control by a provision that gives the company the right to terminate the lease on 24 hours' notice. · The Key-It was apparent during the trial that this cancellation clause was the government's principal target. Government lawyers called it the "key to restraint." William C. Dixon. West Coast chief of the Antitrust Division of the Dept. of Justice described it is "this most clever device of circums...ting the decision in the Standard case."

Much controversy raged over whether the leased-out operators were independent businessmen and whether they constituted a market. Richfield contended they were not a market and never were intended to be a market. They are controlled and answer to Richfield and hence are beyond the scope of the Sherman and Clayton Acts.

The government argued that the



1. The ad stops a prospect.



2. It leads her into the copy.



3. The copy is convincing.



4. Now...she finds WHERE to buy the product.

# A National Habit that helps National Advertising get better results

THESE PICTURES show how a manufacturer of branded products—through Trade Mark Service in the 'yellow pages' of the telephone directory—localizes his national advertising... cuts down substitution.

Folks who are ready to buy look for the manufacturer's trade-mark and the list of his local dealers in the 'yellow pages.' Surveys prove 9 out 10 shoppers turn to the 'yellow pages' for buying information. It's a national habit.



Trade Mark Service ties your national ads closely to the locality in which the prospect lives. It's the kind of advertising insurance that pays real dividends in increased sales.

AMERICA'S, BUYING GUIDE FOR OVER 60 YEARS

FOR FURTHER INFORMATION, CALL YOUR LOCAL TELEPHONE BUSINESS OFFICE OR SEE THE LATEST ISSUE OF STANDARD RATE AND DATA.





#### A ONE MAN "FIRE ENGINE"

-the Kidde Wheeled Dry Chemical Extinguisher

You can control a roaring fire in inflammable liquids, live electrical equipment, textiles or L-P gas. The Kidde 150 Pound Dry Chemical Wheeled Extinguisher packs a fire-fighting wallop that brings large fires under control quickly and easily.

The new "instant flow" hand control enables you to beat back fire with a long range "straight" stream...or to blanket the fire completely by the wider coverage of the improved "fan" pattern.

One man can wheel this extinguisher through a standard doorway...apply 150 pounds of fire-smothering dry chemical in less than one minute.

Write for full information on this new Kidde dry chemical extinguisher...or the full line of Kidde extinguishers and built-in systems.



Walter Kidde & Company, Inc.
725 Main Street, Belleville 9, N. J.
Walter Kidde & Company of Canada, Ltd., Montreal, P. O.

leased-out operators are entitled to a status of individual businessmen because they are buyers. They pay cash just like the independent dealers.

• Exclusive Dealers—Richfield countered that naturally its leased-out dealers are not permitted to handle other than Richfield products. Otherwise, "our own properties could be used as places of business for others to compete against us."

Richfield said, "When a man goes into a lease deal he knows he is there to work for us. We give him certain benefits, a rental reduction, and a subsidy letter where we guarantee him a margin. We give him the facilities and

the opportunity."

• Restraint?—Though the leased-out stations occupied the foreground of the trial and the outcome of the trial hinged on them, the independent stations nevertheless formed part of the

broad complaint.

Richfield denied that its independents were under restraint. The company says it discarded its "entire petroleum products requirements" sales contracts after the California Standard decision and replaced them with maximum-minimum sales contracts. (These contracts are common to the industry. They [1] bind the buyer to take a specified amount of gas or other products monthly, and [2] set a top limit that the supplier must deliver as a hedge against shortages.)

To this the government argued that the max-min provisions were such that there isn't room for competitive gaso-

line pumps.

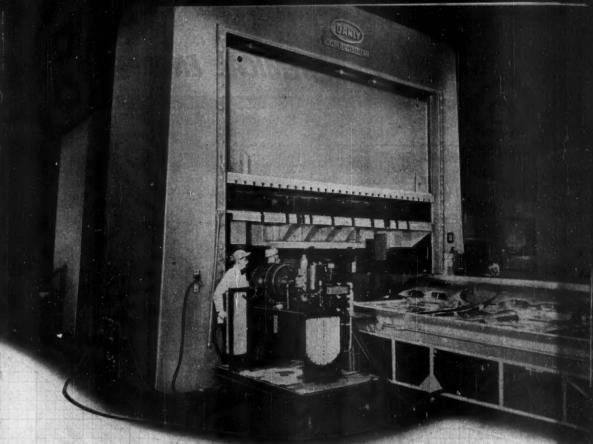
Now, on the basis of the district court ruling, the independent operators can set up competing pumps. But Richfield and other oil companies say this is a remote possibility, that split pump operations are a dead issue. They have never lasted even in the gas wars of the 30's

The government ruling technically affects Richfield's entire marketing setup in 2,999 stations in California, Oregon, Washington, Nevada, and Arizona. Of these, 1,354 are leased-out stations, and 1,644 are independent. They sell more than \$45-million annually in Richfield products. Approximately 90% of this volume is petroleum and petroleum products. The remainder is automobile accessories and the like.

• More to Come—The opinion of the oil industry in Los Angeles is that now the antitrusters are "feeling their oats" they will go on with other suits. Union Oil Co. has been mentioned as a pos-

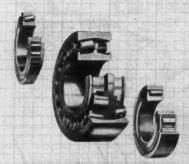
sible next victim.

But Dixon says the only exclusive dealing cases now pending are those against Sun Oil Co. and International Harvester Co. A third, against J. I. Case Co., is now being tried in Minneapolis (BW-May5'51,p95).



# at Ford's new Buffalo plant

...Danly Presses are Torrington Bearing-Equipped



At the Ford Motor Company's new Buffalo plant, several Danly Underdrive Presses—ranging from 600 to 1000-tons capacity—are producing stampings for Ford, Lincoln and Mercury cars. In each press, nine Torrington Bearings team up to deliver smooth ram power and help reduce press downtime.

Spherical, Tapered and Radial Roller Bearings, and NCS Type Needle Bearings, are used in the driveshaft assembly and intermediate gear driveshaft of the new presses, which embody the latest developments for high-speed production and easy maintenance.

Why not include the advantages of Torrington Bearings in your equipment. Our engineers will be glad to help you.

#### THE TORRINGTON COMPANY

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## TORRINGTON BEARINGS

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# FINANCE

Banking Trends i	n the	First	На	lf of	'51		- mark
D Jun. 30, 1951		Capita Jun 30, 1951	of Funds Dec. 30, 1950	Gov'i Jun. 30, 1951	INVES Bonds Dec. 30,	TMENTS Lo. Jun. 30, 1951	Dec. 30, 1950
American Trust (S.F.) \$1,00 Bank of America (S.F.) 6,31 Bank of Manhatran (N.Y.) 1,12 Bankers Trust (N.Y.) 1,75 Chase National (N.Y.) 4,79	6 6,192 9 1,212 8 1,642		\$ 47 395 81 169 353	\$ 288 1,455 294 487 1,380	\$ 319 1,552 292 412 1,478	\$ 492 3,399 516 844 1,892	\$ 462 3,257 532 775 1,815
Chemical Bank (N.Y.) 1,58 Cleveland Trust (Cleve.) 1,10 Continental III. (Chi.) 2,33 Corn Exchange Bank (N.Y.) 73 Fidelity Union (Newark) 41	9 1;552 3 1,059 9 2,378 3 779	119 59 187 49 28	117 60 183 48 27	435 398 1,141 385 199	433 435 1,191 436 212	685 390 564 121 118	611 387 511 112 105
First National (Chi.)	5 2,503 3 1,617 5 2,582	168 377 137 156 33	164 374 136 150 28	655 1,003 560 874 219	881 803 605 1,031 233	1,014 1,262 588 796 168	953 1,231 574 744 147
Nat'l City (N.Y.). 5,079 Penna. Co. (Phil.) 624 Phila. National (Phil.) 752 Public Nat. (N.Y.) 457 Security-First (L.A.) 1,610	611 766 493	360 45 63 39 101	318 37 62 33 98	1,509 181 201 77 863	1,724 215 251 123 974	1,824 251 269 257 471	1,665 221 216 234 435
NB All figures given are in millions of dollars	ars.		_			© BUSINES	WEEK

# Banks Are Doing Better

Deposits are averaging higher. That gives them more earning assets. And they're shifting from low-earning government securities into higher-interest commercial loans.

U. S. commercial banks had a pretty fair time of it during the first six months of 1951. The trend of earnings is up among banks that have reported so far, though many banks are still to be heard from. Furthermore, banks are continuing to move back to their traditional rcle-lenders of money, rather than holders of government bonds (table). In most cases their capital funds increased a little, giving them a more conservative capital-deposits ratio.

• Behind the Scene—Here are the reasons for the better earnings picture:

During the first six months, banks averaged higher deposits than during most of 1950. That gave them more earning assets. They shifted more of their assets out of low-earning government securities into loans. And they were able to charge more for their loans.

That's better than anyone expected a few months ago (BW-Jan.20'51,p94). Then bankers were concentrating on their worries over reserves, costs, and taxes.

The Federal Reserve Board had boosted reserve requirements in January. That cut down earning assets, because banks had to leave a higher percentage of their deposits on reserve with the Federal. They get no interest on these reserves.

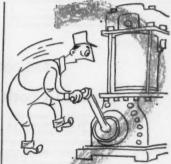
And banks had higher operating costs this year than in 1950. To hold on to personnel in a tightening labor market, they have had to boost salaries. It's estimated that operating costs of New York City banks are running 9% above 1950.

Finally, taxes are taking a much bigger bite out of gross earnings than they did last year. A few banks may even have to pay excess profits tax.

• Fair Weather Ahead—In spite of all

• Fair Weather Ahead—In spite of all this, commercial banks as a whole may have earned more money in the first half of 1951 than they did in the last half of 1950. Many banks won't do that well, of course. Six out of 17 New York City banks that have reported so far earned less money in the first half of 1951 than they did in the same 1950 period.

Back at the start of the year, it was felt that credit curbs and higher taxes would hurt profits in 1951. There was also the question of whether or not the Treasury would come down on the banks to take large quantities of lowpaying government securities instead of



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Tune 28, 1951.

# Ford Boosts Oil Production...

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INDUSTRIAL ENGINES

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putting their money into the moreprofitable commercial business.

This could still happen, of course. Taxes haven't been boosted yet, though there's no doubt they will be. The government has only just started to finance expected rearmament deficits by selling new securities to the banks.

• Compensation—But in the meantime, banks have profited by a strong demand for loans to business. That has more than compensated for their loss of high-vielding consumer loans due to Regulation W. The Federal has helped them out by pulling its fixed pegs from under long-term government bonds, tightening all money rates.

FRB wasn't trying to boost bank earnings, of course. It wanted to slow down inflation of bank credit by making it harder for banks to acquire new loan capacity by selling governments to the Federal. But demand for bank loans has been so strong that banks have been willing to take some losses on governments in order to make more loans.

• Not All Gravy—Though bank earnings are running at historically high levels dollarwise, commercial banks are not wallowing in profits. The capital invested in this business is also at its highest point in history. Earnings on invested capital are quite modest compared to industrial companies. That's why mest U.S. bank stocks sell below their book value, in spite of the fact that a bank's book value is a lot more liquid than the average industrial corporation's.

And it's also why bank stocks haven't got much out of the bull market. Last week the American Banker's index of New York City bank stocks was only about 10.6% above its 1950 low, compared to a gain of 30% in Standard & Poor's industrial stock index.

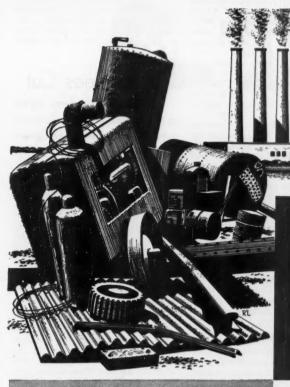
• Flight of Capital—American bankers worry about this low market value of bank stocks in relation to book value. It means that stockholders will occasionally decide their banks are worth more to them dead than alive. That's what has happened in some of the mergers that have taken place in recent years. Stockholders have taken all or part of the book value of their stock in cash. And that represents a flight of capital from the banking business.

• Fewer Commercial Banks—There has been a steady decrease in the number of U.S. commercial banks. At the end of 1939 there were 14,454 independent commercial banks. By this April the number had dropped to 14,117. According to the American Banker, only 31 new banks opened during the first six months of this year. The number of new banks has been dropping steadily since the war—in the entire year of 1946 138 new banks opened.

However, in recent months quite a

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- 5 Prepare a complete inventory of idle material and equipment. Tag everything not in use.
- Start it back to the steel mills by selling it to your regular scrap dealer.

#### 7 KEEP AT IT!

*Your DORMANT SCRAP is any obsolete, broken or wornout and irreparable machinery, tools, equipment, dies, jigs or fixtures, etc., that may encumber your premises. These, in the language of steel, are scrap, vital to steel production, and hence convertible into cash.

Steel is normally made from scrap and new pig iron in about a 50-50 ratio. The use of scrap means better steel, faster... because scrap has already undergone one refining process. Today under pressure of domestic and defense demands, the steel industry is consuming purchased scrap at the rate of 100,000 tons per day... an all-time high. Your dormant iron and steel scrap is urgently needed.

Round-up and sale of your dormant scrap NOW will benefit you, all steel users, and our country by:

- 1 Keeping the steel furnaces producing at their highest rate in history.
- 2 Conserving our vital iron ore reserves. The more scrap used in steelmaking, the less ore needed.
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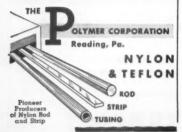


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few banks have been selling new stock to get their capital funds more into line with the traditional ratio of \$1 of capital funds to \$10 of deposits (BW-Apr.14'51,p124). In some cases, banks have probably also wanted to improve their excess profits tax position. However, this is an expensive process for banks whose stocks sell below book value. New stockholders get a share of the relatively liquid book assets of the bank without contributing an equivalent amount of new capital funds.

• Loan-Deposit Ratio-The midvear balance sheets of banks show something else. It's quite common now for a bank to have a volume of loans outstanding as high as 45% of its deposits. Some do better than that. As of last April the average ratio of loans to deposits was 36% for all commercial banks, compared to 17% at the end of

But banks vary quite a bit in their policy on loans. New York's Corn Exchange Bank Trust Co. had 161% of its deposits in loans on June 30. But the Public National Bank & Trust Co. in the same city had 56% of its deposits in loans. In Chicago, the Continental Illinois National Bank & Trust Co., which has just nosed out the First National Bank as No. 1 bank in that city for deposits, has 24% of those deposits in loans. But rival First National has nearly 44% of its deposits in loans.

This loan-deposit ratio doesn't necessarily measure a bank's efficiency. Banks aren't easy to compare, because they differ a lot in the the way they do business. All the loan-deposit ratio tells you is how much the bank is interested in making loans. On an over-all basis, banks are getting more interested in loaning you money.

#### Warner Bros. to Buy Million of Own Shares

Directors of Warner Bros. Pictures. Inc., have decided to reduce capitalization of the company by buying up 1million of the company's 6.8-million common shares through stock tenders. After purchase, the stock will be re-

Stockholders will be asked to tender their stock for sale at prices of not more than \$15 a share. The company will make up its block of 1-million shares from the lowest offers. Just before the offer was announced, Warner Bros. was selling for \$13.50. The news has

sent it a bit higher.
• Earnings Down-Warner Bros. has about \$43-million of working capital, according to the last published balance sheet. Its earnings have been declining in the past few years. Observers believe that it has decided to reduce capitalization to stay in line with lower earnings.

In buying its own stock, Warner is following the example of Paramount Pictures Corp., which bought a substantial amount of its common stock in the open market during recent months

## Airmail Fees Cut

"Big Four" airlines agree to CAB deal cutting government subsidies out of compensation for flying mail.

Domestic airlines have just finished the best half-year they've ever had. They carried more passengers and freight than ever before. And they may have earned more than in any previous six months. But whether they did or not is still a bit uncertain, because of a new arrangement on mail pay that the Civil Aeronautics Board announced this week.

CAB said it had finally reached an agreement, after four years of discussion with the "Big Four" carriers, on a method of separating government sub-

sidies from airmail pay.

• The Scale-Down-Under this agreement, American Airlines, Inc., Eastern Air Lines, Trans World Airlines, and United Air Lines will have their mail rates for the past three or four years -up to last Jan. 1-scaled down to 63¢ a ton-mile. From Jan. 1 on, they'll get a "compensatory rate" of 45¢, replacing current rates of from 50¢ to

· Subsidies-After compensatory rates are set, subsidies to these airlines will have to be made by separate legisla-tion, authorizing CAB to make direct

grants to air carriers.

· Felt the Spurs-Observers figure that CAB wouldn't have announced its plan so soon if it hadn't been goaded by Sen. Edwin Johnson, who heads the interstate and foreign commerce committee. Johnson thinks CAB has been dragging its feet on splitting subsidies from mail pay. So he has introduced a bill that would set specific rates for airmail pay, on what he feels is a compensatory basis.

CAB feels that compensatory mail rates shouldn't be set "arbitrarily" by legislation, but should be determined by CAB after considering each car-

rier's special case.

· Yet to Come-To head off the Johnson bill, it has also promised that:

· By Sept. 30 it will report to Congress and the President, setting compensatory mail rates for all domestic

· By July 1, 1952, it will set rates for international air carriers.





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#### Veterans Bond Issue In California O.K.'d

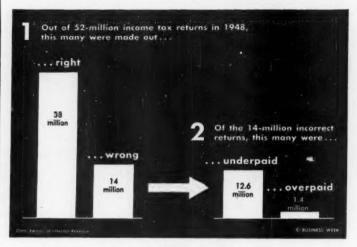
The voluntary credit restraint program (BW-May5'51,p161) doesn't frown on all new veterans' benefit bonds. If the offering can qualify as noninflationary, it will get approval.

That's why California last week got an Office of Defense Mobilization O.K. for competitive bidding on \$25-million in new bonds issued under the state's Veterans Bond Act of 1949.

The money will be used to help veterans buy homes and farms under a program which has been operating for some 30 years. The advances are

not gifts; each veteran must pony up a 5% initial payment on a house or 10% on a farm. Homes cannot exceed \$10,000 in valuation or purchase price; farms are limited to \$15,000. And the veteran must undertake to pay his debt within 20 years, at 3% interest.

In the light of those terms, ODM ruled that California's bond issue was not inflationary. That was a sharp reversal of its thumbs down last spring on a proposed \$67.5-million bonus bond issue by West Virginia (BW–May19'51,p128). Reason for the West Virginia rejection: The money would have been a straight gift to veterans, putting money into circulation without any increase in productivity.



# 14-Million Taxpayers Can Be Wrong

More than one out of every four income tax returns has errors involving a tax change of \$2 and up; and nine times out of 10, these errors are in favor of the taxpayer.

That's what the Bureau of Internal Revenue found when it studied a big sampling of the 52-million tax returns that individuals filed in 1948. Since every return can't be checked closely, BIR wanted to know how it should operate to enforce tax laws.

• \$1.4-Billion Got Away—BIR's survey indicates that if it had been able to check all 1948 returns it would have brought the government another \$1.4-billion in taxes and saved taxpayers approximately \$100-million that they overnaid.

Under its present setup, BIR has time to "audit" only about 4.3-million returns annually. It skims through all returns, picks out questionable-looking ones, chooses some at random. Of these, six out of 10 have mistakes. But BIR figures that about 11-million out

of 14-million wrong go unchallenged.
• Chief Offenders—The survey found that in 1948 two out of every three returns of taxable income of \$7,000 and up were wrong—resulting in a tax change (underpayment or overpayment) of \$663-million.

Mistakes of lower-income taxpayers cost the Treasury more than the mistakes of wealthy people—\$885-million in 1948

But the greatest number of errors shows up in the business section of income tax returns, Nearly half of all business returns show mistakes.

What's the bureau doing about this? For one thing, every two years it's examining all returns reporting income of \$25,000 or more (BW-Mar.3'51, p63). Each audit will cover returns for the last two years. There are only about 250,000 returns in this group.

Since errors in reporting business income are so widespread, BIR is segregating business returns at all income levels for more careful screening.

#### FINANCE BRIEFS

The Treasury's borrowing is costing more. Sale of \$1.2-billion 91-day bills this week involved average borrowing cost of 1.615% vs. 1.604% last week.

Sell-lease deals continue popular. Kroger Co. has raised \$5-million of new working capital through sale to Union Central Life Insurance Co. (and lease-back for 25 years) of eight branch office and plant properties.

State and municipal bond financing ran well under 1950 levels in both June and 1951 first half. New offerings totaled only \$285-million last month vs. June, 1950's \$361-million. They were only \$1.5-billion in first half vs. \$2.1-billion year before.

West Virginia is now assessing a penny tax on each bottle of pop sold in state. Proceeds of new tax will help finance new state medical school.

Private security sales continue heavy and varied. Recent large placements: \$11-million Park & Tilford Distillers and \$5-million Atlas Powder 3½% 15-year notes; \$85-million Reynolds' Metals 4% 11-year notes; \$10-million Colonial Stores 3% 20-year serial notes; \$24-million Algonquin Gas Transmission 3½% 20-year bonds; \$6-million James Lees & Sons 3½% 20-year notes; \$25-million Household Finance 3½% 15-year debentures; \$20-million Panhandle Eastern Pipe Line 3½% 20-year debentures.

Waltham Watch reduced its RFC loan by another \$250,000 last week. Only \$1.5-million of original \$4-million advance is now outstanding.

Sanger Bros., Inc., Dallas' oldest and largest department store, will become a member of Federated Department Stores, Inc., chain if 800 stockholders agree at a special meeting to be called soon. Federated offered stock worth \$4,250,000 for property. Sanger's sales in 1950 exceeded \$22-million.

The Pictures—Cover by Chartmakers, Inc. Acme—23 (rt.), 26 (lt.); Rus Arnold—54, 55; Black Star—133; Chicago Daily News—38 (top); Int. News—27, 68; Sid Karson—40; Herb Kratovil—84, 85, 86, 87, 88; McGraw-Hill World News—26 (rt.); N. Y. Herald Tribune—25 (bt.); Morris Rosenfeld—24 (top. rt., bot.), 25 (top); Standard Oil (N. J.)—23 (lt.); Wide World—32 (lt.), 38 (bot.), 39.



This announcement appears for purposes of record.

\$85,000,000

# Reynolds Metals Company

First Mortgage 4% Bonds, due July 1, 1962

The Company has entered into agreements, negotiated by the undersigned, for the private sale to institutional investors of the above Bonds which provide for the delivery of varying principal amounts thereof from time to time on or before July 1, 1952.

Dillon, Read & Co. Inc.

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July 3, 1951.



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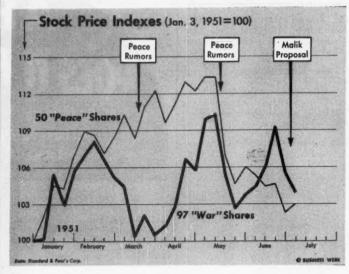
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# THE MARKETS



# Traders Watch "Peace" Stocks

Volume lags as the market awaits results of the talks in Korea. Meanwhile, shares of the companies that would gain in a peacetime economy edge ahead. "War" stocks lose ground.

Wall Street traders were waiting this week to hear the outcome of the cease-fire talks in Korea. That's why trading volume on the New York Stock Exchange has sunk to the lowest levels in several weeks.

But if you take a close look you will be able to see a new market pattern emerging. "Peace" stocks are perking up. "War" stocks have lost a lot of ground (chart).

This trend could be temporary, of course. It depends on what happens on the international scene. Back at the end of February, when peace rumors were all over the place, the same thing happened. War stocks sold off sharply, while peace stocks kept climbing. Then, as the military situation proceeded to change, war stocks climbed to a new high.

• Earlier Rumors—In May, when peace rumors cropped out again, the market followed a different pattern. There was a general shakeout. Peace stocks paid little attention to talk of a Korean settlement.

In June the war stocks had a brief rally, largely because of the troubles in Iran. But even before Malik popped his cease-fire proposal they had started another sharp decline. Though peace stocks dropped a little after Malik's speech (BW-Jun.30'51,p98), they have

now begun to gain ground.

• Makeup—Standard & Poor's has in its peace index the shares of auto makers, building materials companies, metal containers, finance companies, office equipment, and a few other groups. Among the war stocks Standard & Poor's index lists plane makers, coal companies, nonferrous metal products, machine tools, metal fabricators, oil and steel companies.

It's a bit deceptive to tag these stock groups as "peace" or "war" shares. As a war period goes on, they don't always live up to their label. Standard & Poor's index of steel shares, for instance, went down in the middle of World War II; at the end of the war it was at about the same levels as when it started. Office-equipment shares, supposedly a peace group, went down at first during World War II, but at the close of the war they were a lot higher than at the beginning.

Even such apparently obvious groups as finance companies and aircraft manufacturers didn't act as you might expect during World War II. The finance companies took a bad beating before Pearl Harbor. Then they started climbing until by V-J Day they had wiped out all their wartime losses. The air-

craft stocks, in spite of the industry's phenomenal wartime expansion, were higher before the U.S. entered the war than at any time before 1946.

• Indicators—You can't expect history to repeat itself. The fact that finance company shares are now near their highest 1951 levels and that stocks of plane manufacturers are near their 1951 lows tells a lot about the temper of this present market.

It suggests, for instance, that investors have changed their minds about the availability of civilian goods. They think rearmament won't interfere too harshly with the production of higher-profit-margin consumer goods. By the same token, the stock market evidently doesn't seem to hold the opinion that the pace of rearmament is going to be so rapid as seemed likely a short while ago.

# 0

# "FLOWED-IN" RUBBER seals container seams at split-second speeds

UNSUSPECTED BY MOST PEOPLE—even housewives and grocers—a thin but precious ribbon of rubber folded into the top and bottom edges of the common tin can closes the door to contamination.

Called can sealing compounds, they are supplied to can makers as liquid rubbers to be flowed in place within precise tolerance limits at speeds as high as six or seven a second. They have formed an important part of Dewey and Almy's business and research program for thirty years.

Thirty years ago the compounds were called upon solely for sealing such everyday packs as fruits, soups and vegetables. Since then, can makers have developed metal containers for beer and whipped cream, where the compound must withstand high internal pressures; for motor oils, where it must withstand the attack of oils; for aerosol insecticides, where it may have to withstand both; for vacuum-packed and pressure-packed coffee, where it must maintain dy vacuum or pressure.

Sealing compounds must meet stringent taste and odor demands, must comply with the requirements of the Pure Foods and Drug Act. They must do their work with various can coatings and with differing methods of processing. For the Defense Effort they help protect the contents of ammunition boxes, fuse containers, decontamination kits. Many of them have industrial applications as seals or as cushions to absorb shock.

Write us, Dept. 85A. Perhaps some rubber compound can help a problem of yours toward its solution.



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San Leandro	Melbour
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#### May-July "Bear Market": The Score So Far

Post			-Stand	lard & Pe	oor's Week	dy Indexe	es (1935–3		
Stock Gross  cmt   High   Low   Low   High   Low   Cmt   Value   Low   Cmt   Value   Low   Low   Low   Low   Value   Low   Low   Value   Val			16.	. D		Dames	Darani		
Ethical drugs	Start Court								
Pertilizers									
Pertilizers									
Prinance companies									
Radio-television									
Metal containers									
Metal containers	0:1		274 7	255 0	8270 2	261 2	244 0	10.2	15 8
Chemicals									
Natural gas.   185.5   205.2   200.7   206.1   201.3   202.4   10.6   9.1									
Proprietary drugs, cosmetics   135.5 ° 153.2   145.8   144.6   146.7   14.8   8.7									
Proprietary drugs, cosmetics   135.5 *153.2   145.8   147.7   145.8   146.9   13.1   8.4									
Electrical equipment.   126.0 °145.0   135.1   140.3   136.7   135.7   15.1   7.7					***		146.0		0.4
Rayon									
Office, business equipment         202.8         221.0         216.0         217.1         213.0         214.1         9.0         5.6           Industrial Index         175.1         *193.8         183.6         188.6         188.8         183.7         11.8         4.9           Gold mining (U. S.)         54.7         62.0         58.1         58.1         156.0         75.2         15.2         4.6           COMPOSITE INDEX         162.0         *179.3         169.0         173.9         169.8         169.0         10.7         4.3           Capital goods stocks         168.6         *188.4         178.5         181.1         173.8         175.1         11.7         3.8           Shipping         415.9         450.8         483.1         144.9         432.4         4831.0         8.4         3.6         Glass containers         129.2         131.9         #126.9         136.1         128.9         132.5         2.1         2.6         3.8         Shipping         415.9         433.2         256.3         237.8         241.3         23.9         #236.7         9.9         1.5         5.4         163.0         162.2         #13.1         162.9         #13.5         #13.1         162.9 <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td>									
Industrial Index.									
Composite Index   162.0 *179.3 169.0 173.9 169.8 169.0 10.7 4.3									
COMPOSITE INDEX. 162.0 *179.3 169.0 173.9 169.8 169.0 10.7 4.3 Capital goods stocks. 168.6 *188.4 178.5 181.1 175.8 175.1 11.7 3.9 Utilities. 106.2 111.2 110.3 110.4 109.8 110.2 4.7 3.8 Shipping. 415.9 450.8 433.1 441.9 432.4 4431.0 8.4 3.6 Glass containers. 129.2 131.9 #126.9 136.1 128.9 132.5 2.1 2.6 Mail order, general chains. 233.2 256.3 237.8 241.3 239.9 #236.7 9.9 1.5 54.10.8 11 chains. 125.0 129.5 125.7 128.8 124.8 123.3 3.6 1.4 High-grade commons. 138.1 *145.6 139.7 143.1 140.6 139.9 5.4 1.3 Agricultural machinery. 160.3 174.9 164.6 168.7 163.0 162.4 9.1 1.3 Agricultural machinery. 160.3 174.9 164.6 168.7 163.0 162.4 9.1 1.3 Agricultural machinery. 160.3 174.9 164.6 168.7 163.0 162.4 9.1 1.3 Consectionary. 122.7 127.6 123.3 122.9 #121.6 122.3 3.0 0.4 Consectionary. 122.7 127.6 123.3 122.9 #121.6 122.3 4.0 0.4 Consumers' goods. 160.2 *173.1 162.9 164.2 #160.6 160.8 8.1 0.2 Automobile. 181.3 *207.8 186.5 187.3 #179.3 181.0 14.6 -0.2 Sugar. 120.4 127.8 124.6 129.5 123.7 120.2 6.1 -0.2 Paper. 568.0 *618.9 561.1 582.4 568.6 565.1 9.0 -0.5 Mining, smelting. 108.0 115.5 108.1 113.2 108.7 107.5 6.9 -0.5 Mining, smelting. 108.0 115.5 108.1 113.2 108.7 107.5 6.9 -0.5 Mining, smelting. 108.0 115.5 108.1 113.2 108.7 107.5 6.9 -0.5 Mining, smelting. 108.0 115.5 108.1 113.2 108.7 107.5 6.9 -0.5 Mining, smelting. 108.0 115.5 108.1 113.2 108.7 107.5 6.9 -0.5 Mining, smelting. 108.0 115.5 108.1 113.2 108.7 107.5 6.9 -0.5 Mining, smelting. 108.0 115.5 108.1 113.2 108.7 107.5 6.9 -0.5 Mining, smelting. 108.0 115.5 108.1 113.2 108.7 107.5 6.9 -0.5 Mining, smelting. 108.0 115.5 108.1 113.2 108.7 107.5 6.9 -0.5 Mining, smelting. 108.0 115.5 108.1 113.2 108.7 107.5 6.9 -0.5 Mining, smelting. 108.0 115.5 108.1 113.2 108.7 107.5 6.9 -0.5 Mining, smelting. 108.0 115.5 108.1 113.2 108.7 107.5 6.9 -0.5 Mining, smelting. 108.0 115.5 108.1 113.2 108.7 107.5 6.9 -0.5 Mining, smelting. 108.0 115.5 108.1 113.2 108.7 107.5 6.9 -0.5 Mining, smelting. 108.0 115.5 108.1 113.2 108.7 109.5 109.2 109.2 109.2 109.2 109.2 109.2 109.2 109.2 109.					2000				
Capital goods stocks. 168.6 *188.4 178.5 181.1 175.8 175.1 11.7 3.9 Utilities. 106.2 111.2 110.3 110.4 109.8 110.2 4.7 3.8 Shipping. 415.9 450.8 433.1 441.9 432.4 4431.0 8.4 3.6 Glass containers. 129.2 131.9 *126.9 136.1 128.9 132.5 2.1 2.6 Mail order, general chains 233.2 255.3 237.8 128.9 128.9 \$123.5 2.1 2.6 Mail order, general chains 125.0 129.5 125.7 128.8 124.8 123.3 3.6 1.4 High-grade commons. 138.1 *145.6 139.7 143.1 140.6 139.9 5.4 1.3 Agricultural machinery. 160.3 174.9 164.6 168.7 163.0 162.4 9.1 1.3 Agricultural machinery. 160.3 174.9 164.6 168.7 163.0 162.4 9.1 1.3 Agricultural machinery. 160.3 174.9 164.6 168.7 163.0 162.4 9.1 1.3 Consectionary. 122.7 127.6 123.3 122.9 f121.6 122.3 4.0 0.4 Confectionary. 122.7 127.6 123.3 122.9 f121.6 122.3 4.0 0.4 Consumers' goods. 160.2 *173.1 162.9 164.2 \$160.6 160.8 8.1 0.2 Automobile. 181.3 *207.8 186.5 187.3 \$179.3 181.0 14.6 -0.2 Sugar. 120.4 127.8 124.6 129.5 123.7 120.2 6.1 -0.2 Paper, 568.0 *618.9 561.1 582.4 568.6 565.1 9.0 -0.5 Mining, smelting. 108.0 115.5 108.1 113.2 108.7 107.5 6.9 -0.5 Mining, smelting. 108.0 115.5 108.1 113.2 108.7 107.5 6.9 -0.5 Mining, smelting. 106.5 107.1 102.5 101.7 \$93.6 1143.4 4.9 -1.6 Shoes. 116.4 119.6 115.4 116.8 114.3 \$114.2 2.8 -1.9 Hituminous coal. 404.3 407.8 \$183.7 397.0 396.3 392.8 0.9 -2.8 Leather. 192.8 202.3 \$181.7 199.7 186.9 185.6 4.9 -3.7 Soft drinks. 106.5 107.1 102.5 101.7 \$93.6 1143.4 4.9 -4.6 Notalinery. 153.4 159.7 149.2 153.0 149.7 \$148.0 4.1 -4.2 Metal fabricating. 146.1 149.7 \$138.5 144.7 138.8 \$138.6 7.2 -7.4 April. 149.8 144.5 154.7 140.4 143.7 136.2 145.7 145.9 145.0 144.7 \$148.0 4.1 -4.2 Metal fabricating. 146.1 149.7 \$138.5 144.7 138.8 \$183.6 7.2 -7.4 Printing, publishing. 119.8 124.7 110.9 191.5 144.7 148.8 \$138.5 15.7 5.2 -6.7 Air transport. 339.4 377.1 339.7 348.7 327.8 \$183.6 11.1 -5.8 Railroads. 144.5 154.7 140.4 143.7 136.2 145.5 7.5 -2 -6.7 Air transport. 339.4 377.1 339.7 348.7 327.8 \$183.6 12.7 -7.4 -6.5 -7.4 April. 149.0 125.1 149.9 \$124.7 110.8 4.1 -7.5 8 Railroads. 144.5 154.7 140.4 1									
Utilities	COMPOSITE INDEX	162.0	*179.3	169,0	173.9	169.8	169.0	10.7	4.3
Shipping	Capital goods stocks	168.6	°188.4	178.5	181.1	175.8	175.1	11.7	3.9
Class containers	Utilities	106.2	111.2	110.3	110.4	109.8	110.2	4.7	3.8
Giass containers. 129. 2 131.9 \$\frac{126.9}{256.3}\$ 237.8 241.3 239.9 \$\frac{123.5}{256.7}\$ 2.1 2.6 \$\frac{1}{2}\$ Mail order, general chains 233.2 256.3 237.8 241.3 239.9 \$\frac{1}{2}\$ 236.7 9.9 1.5 \$\frac{1}{2}\$ 5\frac{1}{2}\$ 128.7 128.8 124.3 139.9 \$\frac{1}{2}\$ 256.7 9.9 1.5 \$\frac{1}{2}\$ 5\frac{1}{2}\$ 128.7 128.8 124.8 123.3 3.6 1.4 \$\frac{1}{2}\$ High-grade commons. 138.1 *145.6 139.7 143.1 140.6 139.9 5.4 1.3 \$\frac{1}{2}\$ Agricultural machinery. 160.3 174.9 164.6 168.7 163.0 162.4 9.1 1.3 \$\frac{1}{2}\$ Department stores. 264.4 275.0 \$\frac{1}{2}\$ 255.4 270.0 265.7 267.4 4.0 1.1 \$\frac{1}{2}\$ Auto parts. accessories. 139.6 *157.8 148.0 147.7 140.7 \$\frac{1}{2}\$ 140.2 13.0 0.4 \$\frac{1}{2}\$ Consumers' goods. 160.2 *173.1 162.9 164.2 \$\frac{1}{2}\$ 160.6 160.8 8.1 0.2 \$\frac{1}{2}\$ Automobile. 181.3 *207.8 186.5 187.3 \$\frac{1}{2}\$ 179.2 127.6 123.3 122.9 \$\frac{1}{2}\$ 121.6 160.8 8.1 0.2 \$\frac{1}{2}\$ Automobile. 181.3 *207.8 186.5 187.3 \$\frac{1}{2}\$ 179.2 127.6 128.3 \$\frac{1}{2}\$ 120.2 6.1 -0.2 \$\frac{1}{2}\$ Paper. 568.0 *618.9 561.1 582.4 568.6 565.1 9.0 -0.5 \$\frac{1}{2}\$ Mining, smelting. 108.0 115.5 108.1 113.2 108.7 107.5 6.9 -0.5 \$\frac{1}{2}\$ Mining, smelting. 108.0 115.5 108.1 113.2 108.7 107.5 6.9 -0.5 \$\frac{1}{2}\$ Motion pictures. 145.7 152.9 142.0 145.9 \$\frac{1}{2}\$ 138.2 12.5 -1.3 \$\frac{1}{2}\$ Motion pictures. 145.7 152.9 142.0 145.9 \$\frac{1}{2}\$ 139.6 143.4 4.9 -1.6 \$\frac{1}{2}\$ Shoes. 116.4 119.6 115.4 116.8 114.3 \$\frac{1}{2}\$ 14.2 2.8 -1.9 \$\frac{1}{2}\$ Motion pictures. 145.7 152.9 142.0 145.9 \$\frac{1}{2}\$ 139.6 143.4 4.9 -1.6 \$\frac{1}{2}\$ Shoes. 116.4 119.6 115.4 116.8 114.3 \$\frac{1}{2}\$ 14.2 3 1.9 -2.8 \$\frac{1}{2}\$ 1.9 \$\frac{1}{2}\$ 202.3 \$\frac{1}{2}\$ 181.7 199.7 186.9 185.6 4.9 -3.7 \$\frac{1}{2}\$ Sot drinks. 106.5 107.1 102.5 101.7 \$\rangle 3\$ 3.6 102.4 0.6 -3.9 \$\frac{1}{2}\$ Poods. 148.5 151.3 146.4 146.5 144.5 \$\frac{1}{2}\$ 142.3 1.9 -4.2 \$\frac{1}{2}\$ Machinery. 153.4 159.7 149.2 153.0 149.7 \$\frac{1}{2}\$ 148.0 4.1 -4.2 \$\frac{1}{2}\$ Acchinery. 153.4 159.7 149.2 153.0 149.	Shipping	415.9	450.8	433.1	441.9	432.4	#431.0	8.4	3.6
5f. 10c. \$1 chains         125.0         129.5         125.7         128.8         124.8         123.3         3.6         1.4           High-grade commons         138.1         *145.6         139.7         †143.1         †140.6         139.9         5.4         1.3           Agricultural machinery         160.3         3174.9         164.6         168.7         †163.0         162.4         9.1         1.3           Department stores         264.4         275.0         /265.4         270.0         265.7         267.4         4.0         1.1           Auto parts, accessories         139.6         *157.8         148.0         147.7         †140.7         †140.2         13.0         0.4           Consumers' goods         160.2         *173.1         162.9         164.2         †160.6         160.8         8.1         0.2           Automobile         181.3         *207.8         186.5         187.3         ‡120.6         160.8         8.1         0.2           Sugar         120.4         127.8         124.6         129.5         132.2         120.2         6.1         0.2           Paper         568.0         *618.9         561.1         582.4         568.6         565.1			131.9	#126.9	136.1	128.9	132.5	2.1	2.6
High-grade commons.   138.1 *145.6   139.7   143.1   140.6   139.9   5.4   1.3   Agricultural machinery   160.3   174.9   164.6   168.7   163.0   162.4   9.1   1.3   Department stores.   264.4   275.0   265.4   270.0   265.7   267.4   4.0   1.1   Auto parts, accessories.   139.6 *157.8   148.0   147.7   140.7   140.2   13.0   0.4   Consumers' goods.   160.2 *173.1   162.9   164.2   160.6   160.8   8.1   0.2   Automobile.   181.3 *207.8   186.5   187.3   179.3   181.0   14.6   -0.2   2   2   2   2   2   2   2   2   2	Mail order, general chains	233.2	256.3	237.8	241.3	239.9	#236.7	9.9	1.5
High-grade commons.   138.1 *145.6   139.7   143.1   140.6   139.9   5.4   1.3   Agricultural machinery   160.3   174.9   164.6   168.7   163.0   162.4   9.1   1.3   Department stores.   264.4   275.0   265.4   270.0   265.7   267.4   4.0   1.1   Auto parts, accessories.   139.6 *157.8   148.0   147.7   140.7   140.2   13.0   0.4   Consumers' goods.   160.2 *173.1   162.9   164.2   160.6   160.8   8.1   0.2   Automobile.   181.3 *207.8   186.5   187.3   179.3   181.0   14.6   -0.2   2   2   2   2   2   2   2   2   2	5é. 10é. \$1 chains	125.0	129.5	125.7	128.8	124.8	123.3	3.6	1.4
Agricultural machinery						140.6		5.4	1.3
Department stores									
Auto parts, accessories. 139, 6 *157,8 148,0 147,7 140,7 \$\frac{1}{4}140,2 13,0 0,4 \$\frac{1}{2}\$ Confectionary. 122,7 127,6 123,3 122,9 \$\frac{1}{2}121 6 122,3 4,0 0,4 \$\frac{1}{2}\$ Consumers' goods. 160,2 *\frac{1}{2}13,1 1 162,9 164,2 \$\frac{1}{2}160,6 160,8 8,1 0,2 \$\frac{1}{2}\$ Automobile. 181,3 *\frac{2}{2}07,8 186,5 187,3 \$\frac{1}{2}17,9 3 181,0 14,6 -0,2 \$\frac{1}{2}\$ Sugar. 120,4 127,8 124,6 129,5 123,7 120,2 6,1 -0,2 \$\frac{1}{2}\$ Paper. 568,0 *\frac{6}{6}18,9 561,1 582,4 568,6 565,1 9,0 -0,5 \$\frac{1}{2}\$ Mining, smelting. 108,0 115,5 108,1 113,2 108,7 107,5 6,9 -0,5 \$\frac{1}{2}\$ Carpets, rugs. 136,4 153,5 147,8 145,1 140,0 \$\frac{1}{2}134,2 12,5 -1,3 \$\frac{1}{2}\$ Motion pictures. 145,7 152,9 142,0 143,9 \$\frac{1}{2}13,6 143,4 4,9 -1,6 \$\frac{1}{2}\$ Shoss. 116,4 119,6 115,4 116,8 114,3 \$\frac{1}{2}14,2 2,8 -1,9 \$\frac{1}{2}\$ Mitumous coal. 404,3 \$\frac{1}{2}07,8 183,3 397,0 396,3 392,8 0,9 -2,8 \$\frac{1}{2}\$ Leather. 192,8 202,3 \$\frac{1}{2}181,7 199,7 186,9 185,6 4,9 -3,7 \$\frac{1}{2}\$ Soft drinks. 106,5 107,1 102,5 101,7 \$\rangle 93,6 102,4 0,6 -3,9 \$\rangle 95 \rangle 80,5 13,4 159,7 149,2 153,0 149,7 \$\frac{1}{2}148,0 4,1 -4,2 \$\frac{1}{2}\$ Machinery. 153,4 159,7 149,2 153,0 149,7 \$\frac{1}{2}148,0 4,1 -4,2 \$\frac{1}{2}\$ Machinery. 339,4 377,1 339,7 348,7 327,8 \$\frac{1}{4}38,8 \$\frac{1}{4}38,5 2.5 -5,2 \$\frac{1}{2}\$ Pood chains. 241,4 247,6 236,0 236,4 230,7 \$\frac{1}{2}27,7 2,6 -5,7 \$\frac{1}{2}\$ Air transport. 339,4 377,1 339,7 348,7 327,8 \$\frac{1}{4}38,5 2.5 -5,2 \$\frac{1}{2}\$ Pood chains. 241,4 247,6 236,0 236,4 230,7 \$\frac{1}{2}27,7 2,6 -5,7 \$\frac{1}{2}\$ Air transport. 339,4 377,1 339,7 348,7 327,8 \$\frac{1}{3}139,6 11,1 -5,8 \$\frac{1}{2}\$ Railroads. 144,5 154,7 140,4 143,7 136,2 1435,2 17,1 -6,4 \$\frac{1}{2}\$ Distillers. 483,8 493,3 452,2 473,9 449,2 453,7 1,5 -6,6 \$\frac{1}{2}\$ Copper. 166,9 175,6 164,2 167,9 158,9 \$\frac{1}{1}58,9 \$\frac{1}{1}58,0 1,1 -7,6 4,0 \$\frac{1}{2}\$ Alley printing publishing. 119,8 124,7 115,0 114,8 \$\frac{1}{1}92,3 193,1 6,2 -8,0 \$\frac{1}{2}\$ -9,9 222,9 2									1.1
Consumers' goods. 160.2 *173.1 162.9 164.2 \$160.6 160.8 8.1 0.2 Automobile. 181.3 *207.8 186.5 187.3 \$179.3 181.0 14.6 -0.2 Sugar. 120.4 127.8 124.6 129.5 123.7 120.2 6.1 -0.2 Paper. 568.0 *618.9 \$611.0 128.5 123.7 120.2 6.1 -0.2 Paper. 568.0 *618.9 \$611.0 182.5 123.7 120.2 6.1 -0.2 Paper. 568.0 *618.9 \$611.0 182.5 123.7 120.2 6.1 -0.2 Paper. 568.0 *618.9 \$611.0 182.5 123.7 120.2 6.1 -0.2 Paper. 568.0 *618.9 \$611.0 182.5 123.7 120.2 6.1 -0.2 Paper. 568.0 *618.9 \$611.0 182.5 123.7 120.2 6.1 -0.2 Paper. 568.0 *618.9 \$611.0 182.5 123.7 120.2 6.1 -0.2 Paper. 568.0 *618.9 \$611.0 182.5 108.7 107.5 6.9 -0.5 Mining, smelting. 108.0 115.5 108.1 113.2 108.7 107.5 6.9 -0.5 Mining, smelting. 136.0 115.5 108.1 113.2 108.7 107.5 6.9 -0.5 Mining, smelting. 146.7 147.8 145.9 \$139.6 143.4 4.9 -1.6 Shoes. 116.4 119.6 115.4 116.8 114.3 \$114.3 \$114.2 2.8 -1.9 Pituminous coal. 404.3 407.8 \$387.3 397.0 396.3 392.8 0.9 -2.8 Pituminous coal. 404.3 407.8 \$387.3 397.0 396.3 392.8 0.9 -2.8 Pituminous coal. 404.3 407.8 \$387.3 397.0 396.3 392.8 0.9 -2.8 Poods. 148.5 151.3 146.4 146.5 144.5 \$142.2 2.8 -1.9 Pituminous coal. 404.3 407.8 \$181.7 199.7 186.9 185.6 4.9 -3.7 Soft drinks. 106.5 107.1 102.5 101.7 \$93.6 102.4 0.6 -3.9 Poods. 148.5 151.3 146.4 146.5 144.5 \$142.2 3 1.9 -4.2 Machinery. 153.4 159.7 149.2 153.0 149.7 \$148.0 4.1 -4.2 Machinery. 153.4 159.7 149.2 153.0 149.7 \$148.0 4.1 -4.2 Machinery. 153.4 159.7 149.2 153.0 149.7 \$148.0 4.1 -4.2 Machinery. 339.4 377.1 339.7 348.7 327.8 \$138.8 \$138.5 2.5 -5.2 Pood chains. 241.4 247.6 236.0 236.4 230.7 \$227.7 2.6 -5.7 Air transport. 339.4 377.1 339.7 348.7 327.8 \$138.5 2.5 -5.2 Pood chains. 241.4 247.6 236.0 236.4 230.7 \$227.7 2.6 -5.7 Air transport. 339.4 377.1 339.7 348.7 327.8 \$138.5 \$135.2 7.1 -6.4 Distillers. 485.8 493.3 452.2 473.9 449.2 453.7 1.5 -6.6 Copper. 166.9 175.6 164.2 167.9 158.9 \$155.7 5.2 -6.7 Poods. 109.2 129.9 129.9 129.9 129.9 129.9 129.9 129.9 129.9 129.9 129.9 129.9 129.9 129.9 129.9 129.9 129.9 129.9 129.9 129.9 129.9 129.9 129.9 129.9 129.9 129.9 129.9 129.9 129.9 12	Auto parts, accessories	139.6					#140.2	13.0	0.4
Consumers' goods	Confectionary	122.7	127.6	123.3	122.9	#121 6	122.3	4.0	0.4
Automobile. 181.3 207.8 186.5 187.3 4179.3 181.0 14.6 -0.2 Sugar. 120.4 127.8 124.6 129.5 123.7 120.2 6.1 -0.2 Paper. 568.0 618.9 561.1 582.4 568.6 565.1 9.0 -0.5 Mining, smelting. 108.0 115.5 108.1 113.2 108.7 107.5 6.9 -0.5 Carpets, rugs. 136.4 135.3 147.8 145.1 140.0 4138.2 12.5 -1.3 Motion pictures. 145.7 152.9 142.0 145.9 4139.6 143.4 4.9 -1.6 Shoes. 116.4 119.6 115.4 116.8 114.3 £114.2 2.8 -1.9 Filtuminous coal. 404.3 407.8 £1387.3 397.0 396.3 392.8 0.9 -2.8 Leather. 192.8 202.3 £181.7 199.7 186.9 185.6 4.9 -3.7 Soft drinks. 106.5 107.1 102.5 101.7 £93.6 102.4 0.6 -3.9 Poods. 148.5 £15.1 3 146.4 446.5 £144.5 £142.3 1.9 -4.2 Machinery. 153.4 159.7 149.2 153.0 149.7 £148.0 4.1 -4.2 Metal fabricating. 146.1 149.7 £138.5 144.7 138.8 £138.5 2.5 -5.2 Pood chains. 241.4 247.6 236.0 236.4 230.7 £227.7 2.6 -5.7 Air transport. 339.4 377.1 339.7 348.7 327.8 £319.6 11.1 -5.8 Railroads. 144.5 154.7 140.4 143.7 136.2 £135.7 1.5 -6.6 Copper. 166.9 175.6 164.2 167.9 158.9 £183.6 7.2 -7.4 Printing publishing. 119.8 124.7 115.0 147.8 £183.8 £183.6 7.2 -7.4 Printing publishing. 119.8 124.7 115.0 147.8 £183.8 £183.6 7.2 -7.4 Printing publishing. 119.8 124.7 115.0 147.9 123.8 £183.6 67.2 -7.4 Printing publishing. 119.8 124.7 115.0 147.8 £183.8 £183.6 7.2 -7.4 Printing publishing. 119.8 124.7 115.0 141.8 £199.7 110.8 4.1 -7.5 Railroad equipment. 104.3 106.2 100.8 101.4 96.8 £96.0 1.8 -8.0 Steel. 209.9 222.9 204.4 204.1 £192.3 193.1 6.2 -8.0 Steel. 209.9 222.9 204.4 204.1 £192.3 193.1 6.2 -8.0 Steel. 200.0 328.8 299.9 288.7 305.7 295.5 288.2 -8.8 -12.3 Aircraft manufacturing. 179.7 181.9 164.8 167.0 158.1 [152.7 1.2 -15.0 Voole goods. 156.6 151.0 142.1 137.4 122.6 [122.3 -3.6 -21.9 190.0 153.1 156.6 151.0 142.1 137.4 122.6 [122.3 -3.6 -21.9 190.0 153.1 156.6 151.0 142.1 137.4 122.6 [122.3 -3.6 -21.9 190.0 158.1 156.6 151.0 142.1 137.4 122.6 [122.3 -3.6 -21.9 150.0 158.1 152.2 13.3 151.4 122.6 [122.3 -3.6 -21.9 150.0 158.1 152.2 13.3 151.4 151.0 142.1 137.4 122.6 [122.3 -3.6 -21.9 150.0 158.1 152.2 13.3 151.6 12.1 142.1 137.4 14				162.9			160.8	8.1	0.2
Sugar   120							181.0		-0.2
Paper									-0.2
Carpets, rugs									-0.5
Carpets, rugs. 136. 4 153. 5 147. 8 145. 1 140. 0	Mining, smelting	108.0	115.5	108.1	113.2	108.7	107.5	6.9	-0.5
Motion pictures				147.8	145.1	140.0	<b>#138.2</b>	12.5	-1.3
Shoes						#139.6	143.4	4.9	-1.6
Pituminous coal.   404.3   407.8   3387.3   397.0   396.3   392.8   0.9   -2.8				115.4	116.8	114.3	#114.2	2.8	-1.9
Soft drinks	Rituminous coal	404.3	407.8	#387.3	397.0	396.3	392.8	0.9	-2.8
Soft drinks         106.5         107.1         102.5         101.7         ø93.6         102.4         0.6         -3.9         -4.2           Poods.         148.5         151.3         146.4         146.5         144.5         144.2         3         1.9         -4.2           Machinery         153.4         159.7         149.2         153.0         149.7         #148.0         4.1         -4.2           Metal fabricating         146.1         149.7         #138.5         120.2         27.7         2.6         -5.7           Food chains         241.4         247.6         236.0         236.4         230.7         #227.7         2.6         -5.7           Ari transport         339.4         377.1         339.7         348.7         327.8         #319.6         11.1         -5.8           Raliroads         144.5         154.7         140.4         143.7         136.2         #135.2         7.1         -6.6           Copper         166.9         175.6         164.2         167.9         158.9         #155.7         5.2         -6.7           Tobacco         80.3         79.8         75.7         76.4         74.5         #74.4         -0.6	Leather	192.8	202.3	#181.7	199.7	186.9	185.6		-3.7
Machinery         153.4         159.7         149.2         153.0         149.7         #148.0         4.1         -4.2           Metal fabricating         146.1         149.7         #138.5         138.8         #138.5         2.5         -5.2           Pood chains         241.4         247.6         236.0         236.4         230.7         #227.7         2.6         -5.7           Air transport         339.4         377.1         339.7         348.7         327.8         #319.6         11.1         -5.8           Raliroads         144.5         154.7         140.4         143.7         136.2         #135.2         7.1         -6.4           Distillers         485.8         493.3         452.2         473.9         449.2         453.7         1.5         -6.6         6         6         6         6         6         6         6         6         6         6         6         6         6         7.2         -6.6         6         6         6         7.2         -6.6         6         6         7.2         -6.6         6         7.2         -6.6         6         7.2         -6.6         6         7.9         -6.6         7.3         1.2			107.1	102.5	101.7	#93.6	102.4	0.6	-3.9
Metal fabricating         146.1         149.7         #138.5         144.7         138.8         #138.5         2.5         -5,2           Food chains         241.4         247.6         236.0         236.4         230.7         #227.7         2.6         -5.7           Air transport         339.4         377.1         339.7         348.7         327.8         #319.6         11.1         -5.8           Railroads         144.5         154.7         140.4         143.7         136.2         #135.2         7.1         -6.4           Distillers         485.8         493.3         452.2         473.9         449.2         453.7         1.5         -6.6           Copper         166.9         175.6         164.2         167.9         158.9         #155.7         5.2         -6.7           Tobacco         80.3         79.8         75.7         76.4         74.5         #74.4         -0.6         -7.3           Low-price commons         198.3         212.5         195.0         197.2         183.8         #183.6         7.2         -7.4           Printing, publishing         119.8         124.7         115.0         114.8         #109.7         110.8         40.1 <td></td> <td></td> <td>151.3</td> <td>146.4</td> <td>146.5</td> <td>144.5</td> <td>#142.3</td> <td>1.9</td> <td>-4.2</td>			151.3	146.4	146.5	144.5	#142.3	1.9	-4.2
Metal fabricating         146.1         149.7 #138.5         144.7         138.8         #138.5         2.5         -5,2           Food chains         241.4         247.6         236.0         236.4         230.7         #227.7         2.6         -5.7           Air transport         339.4         3177.1         339.7         348.7         337.8         #319.6         11.1         -5.8           Railroads         144.5         154.7         140.4         143.7         136.2         #135.2         7.1         -6.4           Distillers         485.8         493.3         452.2         473.9         449.2         453.7         1.5         -6.6           Copper         166.9         175.6         164.2         167.9         158.9         #155.7         5.2         -6.7           Tobacco         80.3         79.8         75.7         76.4         74.5         #74.4         -0.6         -7.3           Low-price commons         198.3         212.5         195.0         197.2         183.8         #183.6         7.2         -7.4           Printing, publishing         119.8         124.7         115.0         114.8         #109.7         110.8         41.1         -7	Machinery	153.4	159.7	149.2	153.0	149.7	#148.0	4.1	-4.2
Air transport. 339.4 377.1 339.7 348.7 327.8 4519.6 11.1 -5.8 Railroads. 144.5 154.7 140.4 143.7 136.2 453.7 1.5 -6.6 Distillers. 485.8 493.3 452.2 473.9 449.2 453.7 1.5 -6.6 Copper. 166.9 175.6 164.2 167.9 158.9 4155.7 5.2 -6.7 Tobacco. 80.3 79.8 75.7 76.4 74.5 \$\frac{1}{7}\$ 44 -0.6 -7.3 Low-price commons. 198.3 212.5 195.0 197.2 183.8 \$\frac{1}{8}\$ 183.6 7.2 -7.4 Printing, publishing. 119.8 124.7 115.0 197.2 183.8 \$\frac{1}{8}\$ 183.6 7.2 -7.4 Railroad equipment. 104.3 166.2 100.8 101.4 96.8 \$\frac{1}{9}\$ 60. 1.8 -8.0 Steel. 209.9 222.9 204.4 204.1 \$\frac{1}{1}\$ 192.3 193.1 6.2 -8.0 Shipbuilding. 218.2 220.8 204.2 210.6 201.3 \$\frac{1}{8}\$ 196.6 1.2 -9.9 Lead, zinc. 128.9 123.1 \$\frac{1}{1}\$ 14.9 122.2 117.9 115.7 -4.5 -10.2 Cotton goods. 328.8 299.9 288.7 305.7 295.5 288.2 -8.8 -12.3 Aircraft manufacturing. 179.7 181.9 164.8 167.0 158.1 \$\frac{1}{1}\$ 152.7 1.2 -15.0 Woolen goods. 156.6 151.0 142.1 137.4 122.6 \$\frac{1}{1}\$ 22.3 -3.6 -21.9			149.7	#138.5	144.7	138.8	#138.5	2.5	-5,2
Railroads. 144.5 154.7 140.4 143.7 136.2 \$\frac{1}{2}\$135.2 7.1 -6.4 Distillers. 485.8 493.3 452.2 473.9 449.2 453.7 1.5 -6.6 Copper. 166.9 175.6 164.2 167.9 158.9 \$\frac{1}{2}\$15.7 5.2 -6.7 -6.7 Tobacco. 80.3 79.8 75.7 76.4 74.5 \$\frac{1}{2}\$16.7 5.5 -6.6 Tobacco. 198.3 212.5 195.0 197.2 183.8 \$\frac{1}{2}\$15.7 5.2 -7.4 Printing, publishing. 119.8 124.7 115.0 114.8 \$\frac{1}{2}\$109.7 110.8 4.1 -7.5 Railroad equipment. 104.3 106.2 100.8 101.4 96.8 \$\frac{1}{2}\$90.0 1.8 -8.0 Steel. 209.9 222.9 204.4 204.1 \$\frac{1}{2}\$12.3 193.1 6.2 -8.0 Shipbuilding. 218.2 220.8 204.2 210.6 201.3 \$\frac{1}{2}\$16.7 -4.5 -10.2 Cotton goods. 328.8 299.9 288.7 305.7 295.5 288.2 -8.8 -12.3 Aircraft manufacturing. 179.7 181.9 164.8 167.0 158.1 \$\frac{1}{2}\$122.5 -3.6 -21.9	Food chains	241.4	247.6	236.0					
Distillers. 485.8 493.3 452.2 473.9 449.2 453.7 1.5 -6.6 Copper. 166.9 175.6 164.2 167.9 158.9 4155.7 5.2 -6.7 Tobacco. 80.3 79.8 75.7 76.4 74.5 \$\frac{1}{2}\$\$ 474.5 -6.6 -6.7 Tobacco. 197.2 183.8 \$\frac{1}{2}\$\$ 185.6 7.2 -7.4 Deveroire commons. 198.3 212.5 195.0 197.2 183.8 \$\frac{1}{2}\$\$ 183.6 6 7.2 -7.4 Printing, publishing. 119.8 124.7 115.0 114.8 \$\frac{1}{2}\$\$ 199.7 110.8 4.1 -7.5 Railroad equipment. 104.3 106.2 100.8 101.4 96.8 \$\frac{1}{2}\$\$ 60.0 1.8 -8.0 Steel. 209.9 222.9 204.4 204.1 \$\frac{1}{2}\$\$ 193.1 6.2 -8.0 Shipbuilding. 218.2 220.8 204.2 204.0 201.3 \$\frac{1}{2}\$\$ 196.6 1.2 -9.9 Lead, zinc. 128.9 123.1 \$\frac{1}{1}\$\$ 14.9 122.2 117.9 115.7 -4.5 -10.2 Cotton goods. 328.8 299.9 288.7 305.7 295.5 288.2 -8.8 -12.3 Aircraft manufacturing. 179.7 181.9 164.8 167.0 158.1 \$\frac{1}{2}\$\$ 152.7 -1.2 -15.0 Woolen goods. 156.6 151.0 142.1 137.4 122.6 \$\frac{1}{2}\$\$ 122.3 -3.6 -21.9	Air transport	339.4	377.1	339.7	348.7	327.8	#319.6		
Copper         166.9         175.6         164.2         167.9         158.9         £155.7         5.2         -6.7           Tobacco         89.3         79.8         75.7         76.4         74.5         £74.4         -0.6         -7.3           Low-price commons         198.3         212.5         195.0         197.2         183.8         £183.6         £7.2         -7.4           Printing, publishing         119.8         124.7         115.0         114.8         £109.7         110.8         4.1         -7.5           Railroad equipment         104.3         106.2         100.8         101.4         96.8         £96.0         1.8         -8.0           Steel         209.9         222.9         204.4         204.1         £192.3         193.1         6.2         -8.0           Shipbuilding         218.2         220.8         204.2         210.6         201.3         £196.6         1.2         -9.9           Lead, zinc         128.9         123.1         £114.9         122.2         117.9         115.7         -4.5         -10.2           Cotton goods         328.8         299.9         288.7         305.7         295.5         288.2         -8.8	Railroads	144.5	154.7	140.4	143.7	136.2	#135.2	7.1	-6.4
Copper         166.9         175.6         164.2         167.9         158.9         ‡155.7         5.2         -6.7           Tobacco.         80.3         79.8         75.7         76.4         74.5         ‡74.4         -0.6         -7.3           Low-price commons.         198.3         212.5         195.0         197.2         183.8         ‡183.6         7.2         -7.4           Printing, publishing.         119.8         124.7         115.0         114.8         ‡109.7         110.8         4.1         -7.5           Railroad equipment.         104.3         306.2         100.8         101.4         96.8         ‡96.0         1.8         -8.0           Steel.         209.9         222.9         204.4         204.1         ‡192.3         193.1         6.2         -8.0           Shipbuilding.         218.2         220.8         204.2         210.6         201.3         ‡196.6         1.2         -9.9           Lead, zinc.         128.9         123.1         ‡114.9         122.5         117.9         115.7         -4.5         -10.2           Cotton goods.         328.8         299.9         228.7         305.7         295.5         288.2         -8.8<	Distillers	185.8	493.3	452.2	473.9	449.2	453.7	1.5	-6.6
Low-price commons. 198.3 212.5 195.0 197.2 183.8 \$183.6 7.2 -7.4 Printing, publishing. 119.8 124.7 115.0 114.8 \$\frac{1}{2}\$109.7 110.8 4.1 -7.5 Railroad equipment. 104.3 106.2 100.8 101.4 96.8 \$\frac{1}{2}\$60.0 1.8 -8.0 Steel. 209.9 222.9 204.4 204.1 \$\frac{1}{2}\$12.3 193.1 6.2 -8.0 Shipbuilding. 218.2 220.8 204.2 210.6 201.3 \$\frac{1}{2}\$10.6 1.2 -9.9 Lead, zinc. 128.9 123.1 \$\frac{1}{2}\$14.9 122.2 117.9 115.7 -4.5 -10.2 Cotton goods. 328.8 299.9 288.7 305.7 295.5 288.2 -8.8 -12.3 Aircraft manufacturing. 179.7 181.9 164.8 167.0 158.1 \$\frac{1}{2}\$122.3 -3.6 -21.9 Voolen goods. 156.6 151.0 142.1 137.4 122.6 \$\frac{1}{2}\$122.3 -3.6 -21.9	Copper	166.9	175.6	164.2	167.9	158.9	#155.7	5.2	-6.7
Low-price commons         198.3         212.5         195.0         197.2         183.8         \$183.6         7.2         -7.4           Printing, publishing         119.8         124.7         115.0         114.8         \$109.7         110.8         4.1         -7.5           Railroad equipment         104.3         106.2         100.8         101.4         96.8         \$96.0         1.8         -8.0           Steel         209.9         222.9         204.4         204.1         \$192.3         193.1         6.2         -8.0           Shipbuilding         218.2         220.8         204.2         210.6         201.3         \$196.6         12         -9.9           Lead, zinc         128.9         123.1         \$114.9         122.2         117.9         115.7         -4.5         -10.2           Cotton goods         328.8         299.9         288.7         305.7         295.5         288.2         -8.8         -12.3           Moolen goods         156.6         151.0         142.1         137.4         122.6         *122.3         -3.6         -21.9	Tobacco	80.3	79.8	75.7	76.4	74.5	£74.4	-0.6	-7.3
Printing publishing 119.8 124.7 115.0 114.8 \$\epsilon 10.8 4.1 - 7.5 \\ Railroad equipment 104.3 106.2 100.8 101.4 96.8 \$\epsilon 6.0 1.8 - 8.0 \\ Steel 209.9 222.9 204.4 204.1 \$\epsilon 10.6 201.3 \$\epsilon 9.6 6.0 1.8 - 8.0 \\ Shipbuilding 218.2 220.8 204.2 210.6 201.3 \$\epsilon 9.6 6.1 2 - 9.9 \\ Lead, zinc 128.9 123.1 \$\epsilon 114.9 122.2 117.9 115.7 - 4.5 - 10.2 \\ Cotton goods \tag{328.8 299.9 288.7 305.7 295.5 288.2 - 8.8 - 12.3 \\ Aircraft manufacturing 179.7 181.9 164.8 167.0 158.1 \$\epsilon 57.0 158.1 \$\epsilon 152.7 1.2 - 15.0 \\ Woolen goods \tag{51.0 151.0 142.1 137.4 122.6 \$\epsilon 122.3 - 3.6 - 21.9 \\ \epsilon 212.3 - 3.		98.3	212.5	195.0	197.2	183.8	#183.6	7.2	-7.4
Railroad equipment. 104.3 106.2 100.8 101.4 96.8 \$\frac{96.0}{96.0}\$ 1.8 \$-8.0\$ Steel 209.9 222.9 204.4 204.1 \$\frac{192.3}{192.3}\$ 193.1 6.2 \$-8.0\$ Shipbuilding. 218.2 220.8 204.2 210.6 201.3 \$\frac{196.6}{12.}\$ 1.2 \$-9.9\$ Lead, zinc 128.9 123.1 \$\frac{1}{1}4.9\$ 122.2 117.9 115.7 \$-4.5 \$-10.2\$ Cotton goods. 328.8 299.9 288.7 305.7 295.5 288.2 \$-8.8 \$-12.3\$ Aircraft manufacturing 179.7 181.9 164.8 167.0 158.1 \$\frac{1}{1}52.7\$ \$-15.0\$ Woolen goods. 156.6 151.0 142.1 137.4 122.6 \$\frac{1}{2}122.3 \$-3.6 \$-21.9\$				115.0	114.8	109.7	110.8	4.1	-7.5
Steel         209.9         222.9         204.4         204.1         //192.3         193.1         6.2         -8.0           Shipbuilding         218.2         220.8         204.2         210.6         201.3         #/196.6         1.2         -9.9           Lead, zinc         128.9         123.1         #/114.9         122.2         1/17.9         115.7         -4.5         -10.2           Cotton goods         328.8         299.9         288.7         305.7         295.5         288.2         -8.8         -12.3           Aircraft manufacturing         179.7         181.9         164.8         167.0         158.1         //152.7         1.2         -15.0           Woolen goods         156.6         151.0         142.1         137.4         122.6         //122.3         -3.6         -21.9									
Lead, zinc.     128.9     123.1     ‡114.9     122.2     2 117.9     115.7     -4.5     -10.2       Cotton goods.     328.8     299.9     288.7     305.7     295.5     288.2     -8.8     -12.3       Aircraft manufacturing.     179.7     181.9     164.8     167.0     158.1     ‡152.7     1.2     -15.0       Woolen goods.     156.6     151.0     142.1     137.4     122.6     ‡122.3     -3.6     -21.9						192.3	193.1	6.2	-8.0
Lead, zinc.     128.9     123.1     ‡114.9     122.2     2 117.9     115.7     -4.5     -10.2       Cotton goods.     328.8     299.9     288.7     305.7     295.5     288.2     -8.8     -12.3       Aircraft manufacturing.     179.7     181.9     164.8     167.0     158.1     ‡152.7     1.2     -15.0       Woolen goods.     156.6     151.0     142.1     137.4     122.6     ‡122.3     -3.6     -21.9	Shiphuilding	18.2	220.8	204.2	210.6	201.3	#196.6	1.2	-9.9
Cotton goods         328.8         299.9         288.7         305.7         295.5         288.2         -8.8         -12.3           Aircraft manufacturing         179.7         181.9         164.8         167.0         158.1         †152.7         1.2         -15.0           Woolen goods         155.6         151.0         142.1         137.4         122.6         †122.3         -3.6         -21.9									
Aircraft manufacturing									
Woolen goods 156.6 151.0 142.1 137.4 122.6 122.3 -3.6 -21.9									
	Woolen goods	56.6							

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# DEFENSE BUSINESS

# CMP Fears It Gave Too Freely

Second-quessers begin to think that third-quarter allocations of steel and copper were too high. Free area and MRO supplies may shrink to vanishing point if calculations were off.

An attack of allocations litters hit Washington planners this week. They began to wonder whether they had been too generous when they passed out allocations of steel and copper under the Controlled Materials Plan.

At stake is the proudest boast of CMP-that it can accurately match supply and use. The obvious sufferers, if too much steel and copper have been allocated, will be autos and other users

 Whose Guess?—The free area melted rapidly early this month, when CMP allotments were going into the mail. The official NPA estimate on June 28 was that 3,380,000 tons of steel would be left free in the third quarter. Ten days later estimates set free steel at only 1.7-million tons. Even this figure actually means little. It is easy to show that free steel might shrink to a million tons or less-and one blind stab is about as- good as another. Even the best CMP analysts admit their steel figures are shot through with guesses and

The gravest concern is over copper. NPA estimates 1,114-million lb. available in the third quarter. CMP allot-ments for the military, AEC, export, defense-supporting and essential civilian industries total 1,176-million lb.-62million lb. more than the supply, with no provision for either the free area or for maintenance, repairs, and operating

(MRO) supplies.

· Attrition-Allotting somewhat over the supply is sound CMP practice. judging by World War II experience. Some of the copper allotments will not be cashed in, if history repeats itself. CMP calls this attrition. In World War II, attrition ran anywhere from 5% to 15% of allotments with variations, depending on the industry and the material.

In the third quarter, it is counted on to make up the 62-million lb. of copper overallotted, plus free copper and enough for MRO needs-a gamble that has caused most of this week's nailchewing. By often-repeated declarations of policy, CMP this quarter was supposed to keep enough unallotted metal for 1.2-million autos and substantial output of other consumer durable goods. If CMP missed badly on any of

its third-quarter guesses, insiders think it will show up first in copper for the free area.

· Steel Setup-Steel allotments have not caused so many jumpy nerves yet. There is an allowance left above allotments, for one thing. But the figures on use are less reliable, and the guesswork therefore is greater. The attrition gamble is present. In addition, there is a particularly knotty problem of how much steel will be taken up by

NPA figures the supply of finished steel at 20,825,000 tons for the quarter. CMP announced allocations for the military, AEC, export, defensesupporting and essential civilian industries totaling 18,845,277 tons. But it didn't announce any guess for MRO. For the second quarter, this was figured at 1-million tons. An MRO take of this size in the third quarter would leave less than a million tons of free steel-were it not for the variable factor of attrition

If there is a 10% attrition, there would be somewhat less than 3-million tons of free steel-about what the optimists predict. The pessimists say it will be more like 1.3-million tons by the time MRO takes its cut, and attrition works out under 1951 conditions. Of course, attrition could take a jump toward 15%; if it does, there will be more free steel than now expected by the planners.

· Redeal-It's the impossibility of predicting what business will do with the allotments that causes the worriers in CMP to wish they could call for a second deal. If they could, they'd hand out a little less steel and considerably less copper.

Aluminum allotments totaled 530million lb. for the third quarter-68million lb. less than the estimated supply and enough to convince even the most edgy among the planners that all, will be well.

The morning-after qualms about copper and steel came when the CMP analysts had to total up allotments for public release. It took three weeks of juggling. Even then, efforts to get a usable estimate on MRO needs failed, with the result that none was announced.



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## OPS to Ease Up

Suspended price rises will soon get a green light, regardless of whether Congress makes roll-back ban stick.

Manufacturers entitled to price increases under now-suspended pricing orders will be able to put them into effect within a month or so.

Even if Congress extends the temporary 31-day rollback ban voted June 30 (BW-Jul.7'51,p2+), the Office of Price Stabilization is going to grant this relief

Despite talk to the contrary, best bet still is that Congress will make the ban permanent. With no rollbacks to offset promised increases, OPS estimates that price indexes will rise about 6% then.

• A Promise—But OPS figures it can't prohibit justified increases. Price Stabilizer Mike DiSalle had promised to take care of businessmen who are pinched because they heeded last December's appeals to hold prices down. He feels he has to make good.

Relief will take the form of an overriding regulation similar to GOR-13 the one by which OPS suspended its manufacturing orders on June 30.

Regulations that would be thawed include the general Manufacturers Ceiling Price Regulation (CPR-22), machinery (CPR-30), cotton textiles (CPR-37), apparel (CPR-45), shoes (CPR-41), and woolens (CPR-18, revised)

• In the Works-OPS is going ahead with specific orders, including:

Work Clothing-Ceiling price regulation covering all staple items.

Textiles—Amendment to CPR-37 covering products composed 50% or more of cotton and less than 25% of wool, rayon, or other fibers plus a non-textile material. Net, veilings, and lace will also be included.

Wholesale and Retail—Amendment to GCPR, SR-29 covering such items as freight, pricing methods for apparel, extension of uniform retail pricing to GCPR merchandise, and pricing methods for intermediary sellers.

Bedding—Regulation allowing for increases in costs due to inflated prices of cotton linters, cotton waste, and sisal pads.

Timber-Exemption for the sale of

Bulk Freight—Amendment to GCPR allowing dollars-and-cents pass-through of increased freight costs in the shipment of cement, calcined lime, gypsum, structural clay products, where the freight cost is high in relation to material cost.

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#### Clues . .

the classified advertising of the world of business management. See page 138 of this issue of BUSINESS WEEK.

## No Letup in Metals

Outlook for supply next year is worse, if anything, NPA sets aside 10% more steel bar production for defense.

Regardless of what happens in Korea, you can expect the shortage of critical metals to get worse over the next 12 months, not better.

 More Steel Set Aside—There's a sure indication of this in the production allocation that National Production Authority has just made for steel. NPA ordered steel mills to set aside 65% of their production of hot-rolled carbon bars and reinforcing bars to fill priority orders under Controlled Materials Plan. That's a 10% increase over the present allocation. NPA also raised the set-aside on cold-finished carbon bars 5% -from 50% to 55%

Steel alloys, too, will stay on the list of tight materials. Though expansion of steel capacity will help ingot supplies, it won't help a bit in getting more of the important alloying metalsnickel, tungsten, molybdenum, and others.

· Outlook for Metals-Here's the way the supply picture looks on these and other materials for the coming year.

Copper: No hope of important production gains in the next 12 months. Military and delense-supporting demand is scheduled to increase.

Nickel: There is new output on the way (BW-Jun.9'51,p88)-but it won't arrive in time to meet increasing mili-tary needs over the next year. When the alloy melt sheet for June operations came in for NPA review, orders totaled 26-million lb. Only 13-million lb. were available for allocation. This spread is expected to widen as output of jet engines and guided missiles climbs next

Molvbdenum: The outlook is the same here as for nickel: An increase in production is in the works, but it won't relieve the pressure currently increasing from defense and export sources. Molvbdenum now is under complete control.

Tungsten: Here's a critically short metal that peace in Korea and stability in eastern Asia might affect favorably. China is the world's leading producer and Korea is fairly high on the list. One mine in the old Communist "iron triangle" was reopened a few weeks after United Nations forces captured it. The government is contracting for most of Siam's production and is financing expansion in Portugal, Peru, and Argentina. Domestic production is on the upgrade, too.

Tin: Mobilizer Wilson's latest report says our requirements for tin con-

tinue above the most optimistic estimates of availability. In the meantime, we are drawing against the national stockpile for current supplies (this is part of the government's price war against producers). RFC, the sole U.S. purchaser of tin, is still out of the world market. When it starts buying again, and in what quantity, is more a question of over-all price strategy than of supply.

Lead: Regulations on consumption

were tightened last quarter, partly as a result of declining imports. No quick improvement in supply is foreseen un-less the world price should decline enough to make imports more at-

tractive.

Zinc: Direct military needs are scheduled to increase 50% the last six months of this year. Special high-grade metal is particularly short. Zinc is under complete allocations with no relief expected during the current increase of military demand.

· More Controls-Far from planning to de-control as a result of Korea, the government is considering additional regulations over such short products as asbestos, beryl, industrial diamonds. graphite, and selenium.

#### CHECKLIST:

#### Defense Regulations

The following listing and condensed description cover all the material and price-control regulations issued by the defense agencies during the preceding

Full texts of the materials orders may be obtained from National Production Authority, Washington 25, or from any Dept. of Commerce regional office.

Full texts of the price orders may be had from the Office of Price Stabilization, Washington 25, or from the regional, OPS office in your area.

#### Materials Orders

CMP allotments: Delegates to the Secretary of Defense and his designees authority to make allotments of controlled materials and to apply and assign the right to apply allotment numbers and symbols to meet authorized programs. Del. 1 as amended (June

Tin cans: Establishes quotas and preference ratings on the use of cans made of black plate. M-25 as amended (July

Petroleum and gas: Delegates authority to the Petroleum Administration for Defense to reschedule deliveries of controlled materials for the petroleum and gas industries. Del. 13, Suppl. 1 (June 30). Assigns allotment

numbers, along with regulations and instructions for their use, to procure controlled materials and fabricated items for operators in the petroleum and gas industries in the U.S. and Canada. M-46, Suppl. 1 (June 29).

Hides: Extends restrictions governing the processing of horsehides and certain other hides and skins until July 31. M-62, Amend. 1 (June 29).

Canada: Extends benefits of CMP to Canadian defense industries. NPA Reg. 3 as amended (June 29).

Tin: Revises regulations governing use of pig tin for the third quarter of 1951 so that all users are limited to the 90% quota limitation. M-8 as amended (July 1).

Electrodes: Delays third-quarter allocation of graphite and carbon electrodes until Aug. 1. M-66 as amended (June 30).

Copper: Requires producers of copper and copper-base alloy products to reserve for authorized controlled materials (ACM) and DO orders certain percentages of their third-quarter monthly output. M-11 as amended (July 1).

Copper construction: Prohibits the use of copper or copper-base alloys in the manufacture of 30 building material items after July 1. M-74 as amended (July 1).

Construction: Changes the former limitation of \$35,000 on residential housing to one of 2,500 sq. ft. of calculated floor space; limits use of copper and aluminum for construction; narrows provision on installation of up to \$2,000 worth of "personal property." M-4 as amended (July 1).

Copper and copper-base alloys: Removes from M-12 various regulations on the use of copper and copper-base alloys that have recently been incorporated in other orders. M-12 as amended (July 2).

Bristles: Amends regulation on importation and manufacture of bristle brushes. M-18 as amended (July 3).

DO ratings: Provides that DO ratings previously assigned defense-supporting construction programs for acquisition of materials be given equal status with authorized controlled materials orders during the current calendar quarter. CMP Reg. 3, Dir. 2 (July 3).

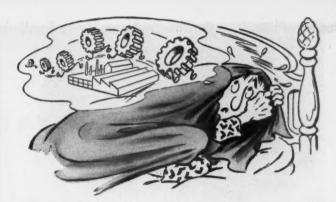
Slab zinc: Placed under complete allocation beginning Aug. 1. M-9 as amended (July 5).

Steel shipping drums: Limits inventories of both new and used drums to a 45-day supply, prohibits the packing of 44 items in new or used steel drums beginning Sept. 1. M-75 (July 6).

Marine MRO: Provides priority as-

Marine MRO: Provides priority assistance for procurement of marine maintenance, repair and operating supplies, and minor capital additions. M-70 as amended (July 6).

Steel: Provides that percentages of alloy steel products set aside to meet



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DO-rated orders and authorized controlled materials orders be computed on the basis of planned monthly production. M-l as amended (July 6).

Aluminum: Amends aluminum order M-5 to conform to the newly effective CMP. M-5 as amended (July 6).

MRO: Provides for acquisition of maintenance, repair, and operating supplies under CMP. CMP Reg. 5 (July 6).

Repair shops: Provides for acquisition of parts and materials needed by repair shops. CMP Reg. 7 (July 6).

#### **Pricing Orders**

Wholesale beef: Prohibits sale of fabricated beef cuts by packers and their branches to hotel supply houses; corrects abuses involving overcharges for wrapping wholesale cuts. CPR 24, Amend. 3 (effective July 5).

Floor coverings: Places all soft-surface floor covering, regardless of material, under pricing regulations. GCPR Rev. 2, Suppl. Reg. 11 and CPR 22, Amend. 15 (effective July 2).

Lead scrap: Establishes dollars-and-

Lead scrap: Establishes dollars-andcents ceilings for battery lead scrap and other lead scrap materials, secondary lead, and primary and secondary antimonial lead. CPR 53 (effective June 29).

Postponements: Postpones indefinitely the effective dates for specific commodities under CPR 22, especially metal and plastic products, petroleum derivatives, and printing products. CPR 22, Suppl. Reg. 12 and CPR 30, Suppl. Reg. 3 (effective June 29).

Building stones, monuments, architectural terra cotta: Exempts these items from price control. GOR 9, Amend. 3 (effective July 3).

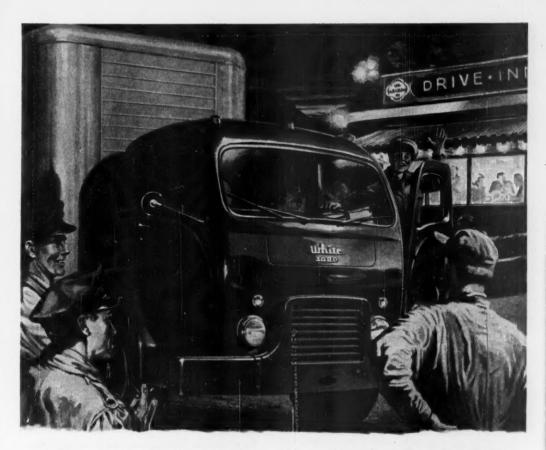
Aluminum: Sets dollars-and-cents ceiling prices on secondary aluminum ingot at primary ingot levels and on aluminum scrap at relative levels. CPR 54 (effective June 29).

Advertising book matches: Exempts from price control "special reproduction" book matches designed for use as advertising and given away by the advertiser. GOR 8, Amend 3 (effective July 9).

Stockpile materials: Exempts sales of strategic and critical materials to the General Services Administration if procured from a foreign source or produced from marginal or submarginal domestic sources. GOR 2, Amend. 1 (effective July 3).

Vegetable plants: Exempts certain plants from price control. GCPR, Amend. 16 (effective July 9).

Coal: Permits \$1.25-per-ton increase on price charged for coal bagged by retail coal dealers in used sacks for shipment to Alaska. GCPR, Amend. 1 to Rev. 1 to Suppl. Reg. 2 (effective July 13).



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# CONTROLS... A Two-Edged Sword

It may seem dangerously premature to talk about getting rid of emergency government controls while all-out war is still an imminent possibility.

But success in this strange struggle for our freedom into which the Russian Communists have plunged us requires that we:

- Maintain a whole battery of controls designed to speed defense production and curb inflation, and at the same time
- Work to end the controls at the earliest possible moment.

Here is the reason why this editorial—fourth in a special series on mobilization for defense—is devoted to the need for a speedy release from controls.

If the Russian Communists can force us to maintain indefinitely the present system of government controls, they will have won a tremendous victory. They will have saddled us with a system of collectivism which, over a period of years, would be fairly certain death to freedom of business enterprise.

Make no mistake about it. This is not an argument against emergency controls. We need controls now to break a right of way for

our mobilization program through the business boom. Indeed, the third editorial in this special series was titled "Why Controls Are Necessary." It stressed both the need for controls and the need for positive cooperation to make them work.

#### Controls Can Undermine Our Economy

But these controls surely chisel at the foundation of our normal economic system. So long as we have them, many if not most key business decisions will be made in Washington bureaus rather than in the free market place. For example, the *National Production Authority* administers a *Controlled Materials Plan* (italics ours) which directs the flow of basic metals, and decides who can use them for what purposes.

Happily, the people who operate these controls are not using the methods of a secret police state.

Even more happily, most of the leaders who have been drafted to manage the controls are not in love with their jobs. They are doing their best in the thankless task of making controls work. They recognize the danger of chronic controls.

But the fact remains that our economy is

operating under arrangements which carry it a long way toward the pattern of centralized control the Russians would inflict on the world.

#### The Wilson Plan

A plan for getting rid of these controls has already been developed. It was put together by our Director of Mobilization, Charles E. Wilson—while he was working day and night to set up the necessary emergency controls.

The Wilson Plan—if we escape all-out war—will strengthen our defenses and our economy. By 1953, it calls for:

- 1. Providing the weapons to equip an armed force of 3½ to 4 million, together with a supply of weapons for our allies.
- Building a stockpile of weapons which, with current production, would be sufficient to carry on an all-out war for a year.
- Building the manufacturing capacity by which we could rapidly expand our production of weapons if all-out war should come.
- 4. Increasing the productive capacity of industry enough to resume the expansion of our civilian economy.

With these jobs done our economy would be big enough and strong enough to meet both civilian and military requirements. And the government controls needed for mobilization could be speedily dropped.

#### Call for Sacrifice

The Wilson Plan requires a major effort it means spending more than \$50 billion a year for mobilization. That is almost 20 percent of our total production. And this cannot be done without sacrifice. For a time, particularly in the next year, living standards will drop. But the sacrifice required is amazingly small. At the peak of the defense effort, civilians will still have available to meet their needs about as much as they did in any year before 1948.

To make the Wilson Plan succeed we must curb inflation. A second year of inflation such as that which we have had since the Korean war started would multiply disastrously the costs of our defense program. One key part of a successful program to curb inflationary pressure, which soon will be building up again, is a pay-as-we-go tax program. The second editorial in this series urged that we do our utmost to pay as we go.

#### We Cannot Out-Control the Communists

But, above all, to make the Wilson Plan work we must keep our sights set on the crucial importance of increased production. Our problem is to increase our capacity to produce so that we can carry both a major military program and an expanding civilian economy for as many years—General Bradley thinks it might be fifteen or twenty—as the menace of Russian Communist aggression persists.

If we do not produce enough to do this double job, we shall be confronted with the prospect of having to live indefinitely under government controls of the sort that have been set up since the start of the Korean war. That would be delightful to the Russian Communists. It would go far toward making over our economy on the Moscow model.

Even if we wanted to, we never could hope to out-control the Russians. They are miles ahead of us in that line. But we can out-produce them, by a tremendous margin. By doing that we shall travel the surest road to victory.

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A McGRAW-HILL PUBLICATION

# INTERNATIONAL OUTLOOK

BUSINESS WEEK JULY 14, 1951



So far, so good is Washington's word for the truce talks in Korea.

The betting is still that a cease-fire will come, that Stalin wants to "liquidate" his Korean venture.

The weight of military evidence seems against a Communist doublecross: The Chinese don't have the strength to launch a decisive push on their own; the Russians don't want the big war now.

But neither Washington nor London has uncrossed its fingers.

London officials especially are treading gingerly. They point to reports from Peiping that indicate absolutely no change in the aims or attitudes of Red leaders.

What's more, London repeats warnings that the Soviet truce initiative may be a blind—to gain time to prepare a massive Korean intervention of Soviet-trained and equipped forces.

Meantime, Moscow's peace drums are beating louder than ever.

Some Western experts figure that a bid for a general peace conference is the next Soviet card. The theory runs like this:

The North Korean and Chinese negotiators in Korea will propose political discussions in Moscow on Korea's future. During such a session, Moscow would issue a call for a full-dress Five Power conference of the U. S., Britain, France, Red China, and Russia—"to end all causes for the present tension."

Whatever came of such a bid, it would mean some propaganda bumps for the West.

Germany and Japan are the chief "causes for the present tension" as far as Moscow is concerned.

Both are rapidly becoming strong points for the West. <u>And U. S. policy</u> aims to make them stronger.

There's soon to be a "liberal" peace treaty with Japan, which Communists call the "resurrection of Japanese militarism." And this week's move by Western nations to end the state of war with Germany has increased Kremlin worries about a remilitarized Germany.

Moscow may well worry about West Germany. The drive for German rearmament is gathering a head of steam.

And the U.S. means to see that it stays on the tracks.

Trouble is the French. Paris insists that the Germans be rearmed only in the general framework of a European army. The U. S. thinks such an army is a fine idea, but at best a long-range project. We aim to mobilize some German troops now and integrate them into a European army later.

Either France will find a solid compromise with Bonn, or the U. S. will override Paris and force an agreement.

Actually, France and West Germany have moved closer together on their disagreement.

The Germans want twelve 12,000-man divisions with their own minister of defense and high command. Paris now seems agreeable to 10,000-man German units in a European army. That's a far cry from France's original insistence on plenty of Hollanders, Belgians, Frenchmen, and others in each division to keep an eye on the Germans.

Paris is dead set against a German top-level command, afraid it might

## INTERNATIONAL OUTLOOK (Continued)

BUSINESS WEEK

bring on World War III by trying to recapture East Germany from the Russians. A particularly bristling speech this week by Chancellor Adenauer stirred up these fears anew.

Some Eisenhower staffers hope for the first German division in six months

—European army or no.

Look for the U. S. to woo West Germany with economic concessions starting now.

Bonn demands full control over its coal industry and the end of the Allied board that controls coal exports. The Germans have a rock-ribbed case—a serious coal shortage that's already threatening heavy industry.

The U. S. will have no choice but to give in—at least in easing Germany's required coal exports (now almost 50% of all the coal exported by Western European countries). We'll have to force it through over British and French objections.

A ray of hope broke over the Iran oil squabble at midweek.

Britain has decided not to leave the Iranians flat, will leave its technicians on hand for a while to keep the Abadan refinery perking. Aim is to avoid a complete shutdown of the oil installations, which would bring immediate economic and political chaos in Iran.

And reports from Teheran indicate that Premier Mossadegh has accepted President Truman's suggestion that W. Averell Harriman mediate the dispute. Washington thinks that means the door is still ajar for a reasonable deal.

But the main threat remains: the chance of a Communist coup in

Washington isn't committing itself on what it would do if the Moscowrun Tudeh Party tried to take over. It definitely has not given London any green light to march into southern Iran in such a circumstance.

Meanwhile, some British oil men are talking this intriguing idea: If worst comes to worst, we'll just have to partition Iran a la Korea—the West in the south, the Tudeh and Russia in the north.

Labor party rebel Aneurin Bevan let loose a new broadside against the Attlee government this week. He wants less rearmament, more socialism, and British curbs on "excessive American zeal" against communism.

But Attlee will call for general elections rather than cut Britain's arms effort. Still he may have to concede some points to the Bevan left-wingers if he hopes to win at the Labor party meeting in October.

Most likely field for concessions is domestic: stricter controls on profits, dividends, prices. So Bevan's greatest influence may be in pushing Labor's program for the next elections further to the left.

The National Production Authority is setting up <u>a clearinghouse to handle foreign requests for U. S. equipment and materials.</u> It will have the complete say on priorities for major foreign development schemes.

Only large-scale, well-planned foreign projects will get the nod. First project likely to be studied: A \$50-million power and irrigation development in Thailand. It's supposed to lead to \$500-million worth of new rice production yearly.

# BUSINESS ABROAD



DICTATOR FRANCO reviews his skimpy motorized forces. Western Europe ignores him, but the U.S. feels it may have to gamble on Spanish soldiers and bases.

# Spain: A Military Partner?

Two-way deal between Madrid and Washington is in the cards; our Atlantic Pact allies balk at Franco goal: to build up a base for strategic air power.

After years of sidestepping that would do credit to a matador, the U.S. has decided to face up to the problem of Spain. It won't be long before Washington starts dickering with Generalissimo Franco about incorporating Spain into the Western defense system. The tie-in will probably take the form of a bilateral military deal between the U.S. and Spain.

Washington has abandoned hope of bringing Spain into the Atlantic Pact setup. France and Britain are dead set against ties to Spain. That stand is a political necessity, for their powerful non-Communist left parties are bitterly anti-Franco. So we've decided that a side deal between the U.S. and Spain is the only way to do the job of building up Spain's strategic position.

• U.S. Dissenters—Not everyone in the

• U. S. Dissenters—Not everyone in the U. S. agrees that the job should be done at all. Plenty of people feel the U. S. shouldn't touch Franco with a 10-ft. pole. Others are divided on how to deal with Franco—some worry about soiling U. S. hands with Spanish totalitarianism, others don't, looking upon aid to Franco as "enlightened solf interest."

There's a lot more pro and con opinion in the making. A flood of newsmen, pundits, businessmen, teachers, and tourists are "rediscovering" Spain this year. One reason for the rediscovery is the fact that Spain has

bounced back into the news ever since Korea threw a spotlight on problems of the defense of Western Europe. More recently serious strikes offered the first challenge to Franco's regime; the strikes got nowhere, but they raised the question of Spain's value to the West. Tourist interest is growing, too. U.S. businessmen, diplomats, military planners all want to know what kind of nation they may be dealing with.

#### I. Strategic Spain

Madrid and Washington circles are sure that some kind of military cooperation is in the cards. So far, however, it's at the stage of cordial words, toasts, and not much more.

There are three lines of thinking in the U.S. on strategy for Spain:

• The Administration feels Spain can't fit into the Atlantic Pact. There's doubt about Spain's reliability even as a partial ally. But Spain has strategic importance, so it must get limited financial support.

• The "Opposition"-some senators, business circles, military men-believe the West is in an emergency situation now. The Atlantic armies are only blueprints, they say, while Spain's 350,000-man army (plus another 350,-000 in reserve) is the strongest force in Western Europe. We must send Franco as many millions of dollars as he needs to modernize his army fast—even at the expense of some aid to the Pact armies.

• The Pentagon thinks Spain has tremendous strategic potential. But not as a refuge for defeated armies behind the Pyrenees; our leaders know that any planning of that sort would cost us our Western allies, who dread the capture-and-liberation cycle above all things. What the Pentagon does see in Spain is a vast aircraft carrier that would insure air cover for Gen. Eisenhower's armies. So a certain investment in airfields, highways, railroads, fuel, and port facilities is vital.

Franco is eager to receive military help and turn his peninsula into an anti-Communist citadel. Topmost in his mind is to use the hot-cold war to buttress his army and troubled regime.

To do a complete repair job on Franco's ill-equipped army, few-and-far-between airfields, and miserable transport would cost billions of dollars. The U.S. isn't considering any such investment. First would come some work on airfields—perhaps for the first year of a bilateral deal. For later years, there would be promises of other economic aid.

Washington thinks Franco may make some stiff financial demands in return for cooperation. But they think he'll tone down. The State Dept. operates on the theory that Franco needs the U.S. more than it needs him. The U.S. can always make do with the big air installations now abuilding in North Africa.

• Disadvantages—The State Dept. sees plenty of political disadvantages in helping Spain. Our Atlantic allies will surely holler if arms aid is rerouted to Spain; and European Communists will use any such U.S. moves as a propaganda windfall. But the U.S. hopes the hollering won't last.

One thing is sure: The U.S. isn't going to rush headlong into a deal with Franco. Nor does the Franco regime seem to be in any hurry to soften its police statism to please the U.S. The attitude of official Spain remains something like this: "We were right from the start. Now you realize this, and you need us. We are ready to join you, but you must accept us as we are and not ask for political changes or apologies."

#### II. Troubled Spain

To most Americans junketing in Spain—and there may be as many as 50,000 this year—the country will have a lot of appeal. It's the bargain counter of Europe; there are colorful festivals everywhere, the fields are green with the first decent rainfall in six years. Reservoirs are up to 85% of capacity (from a low of 4% last year), hydroelectric power is increasing. Madrid's combined Fifth Ave. and Broadway

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Box 1179, Business Week 230 W. 42 St., New York 18, N. Y. -the Gran Via-is ablaze with neon signs after years of enforced blackout. Thousands of evening strollers appear gav and well-fed.

· But-Surface impressions are tricky; only a tiny fraction of Madrid's 1.7million persons can buy any of the goods in the Gran Via shops. Spiralling inflation has brought new hunger and misery to 90% of the Spanish people.

Wages are lagging as much as 50% behind the prices a Spaniard must pay to feed, clothe, house his family. A miner earns 46¢ daily, a textile worker 43é, a carpenter 52é, a metalworker 47é-the lowest wages in Western Europe, including Poland and Czechoslovakia. Bread and olive oil-prime essentials of Spanish life-are in short supply and severely rationed. A quart of oil is officially priced at about 11 pesetas (25¢); but on the black market. where everyone must go for supplies, the price is \$1.00. Bread brings 4¢ and up a lb.; lowest grade beef 28¢ a lb. The cheapest suit of clothes costs \$12.50.

Prices like these are a bonanza for tourists, but they back the average Spaniard up against the wall. He must augment his regular pay with other jobs-often shady-and patronize the black market.

The struggle to live is the chief cause of the strikes that plagued Franco earlier this year (the last one was May 23, in Madrid). Now order has been restored; few people doubt that Franco's police and military apparatus can keep the peace in the foreseeable future. The improving crop outlook, plus U.S.

wheat shipments, will help. · Opposition-But the demonstrations gave Franco's domestic enemies a new lease on life. There's real opposition inside the regime. The Spanish Church is beginning to demand better living conditions, a crackdown on the black market, more freedom for Catholic information services.

The Basque workers, along with Socialists and Anarchists who represent the bulk of Spanish labor, are busy trying to organize the opposition. There's a strong monarchist sentiment, looking for a return of the pretender, Don Juan, to the throne.

Some observers think that Francowith dollar aid as bait-might slowly liberalize his regime. Others say no-easing up would mean the end of Franco

No one seriously expects a major change soon. The opposition is diffuse, poorly organized. Every Spaniard looks with horror at the chance of a return of the bloody civil war.

#### III. Businessmen's Spain

Spain today is teetering on the edge of economic bankruptcy. From a U.S. standpoint, the most controversial figure

is Juan Antonio Suances. Minister of Industry & Commerce. Said one U.S. businessman in Madrid: "The State Dept. is more afraid of Suances than of Franco himself."

Suances is the one-man boss of Spain's economic and trade policy. He says who can go into business; who gets foreign exchange, who can get dollars from a U.S. loan, who stays in business. He has led Spain into a helterskelter industrialization policy-at the expense of agriculture-that many experts feel has brought the Spanish economy to a dead end.

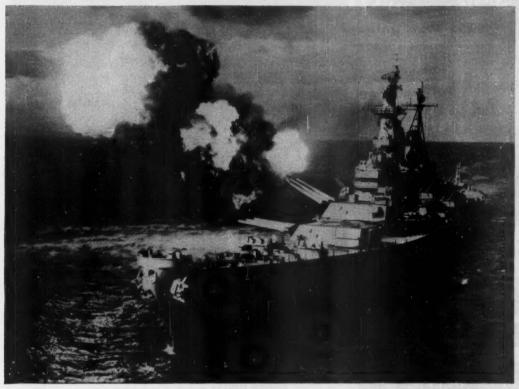
The forced industrialization has borne some fruit-coal, steel, cement production, show a steady climb. But consumer-goods industries are choking. And agriculture, keystone of Spain's economy, is suffering badly. Farm production in 1945 was 55% of pre-civilwar levels; only recently has it reached 85% of 1935. And Spain-with a population of 28-million-has about 5-million more mouths to feed now than before the civil war.

• Widening Field-Suances is the brains behind the government's Insti-tuto Nacional de Industria (INI), whose ever-spreading subsidiaries are cutting deeper and deeper into private industry. A few young Turks who are anxious to see a rebirth of free enterprise find it close to impossible to get started in business-INI is always there

The Spanish scene is dreary for for-eign investors. There's a maze of exchange rates, export and import controls. Foreign participation in a Spanish industry is limited to 25% of the capital. Capital and earnings can't be taken out of the country; and there's always competition from INI's state industries

What's more, it's practically impossible for any healthy business concern -not accustomed to Spanish methodsto operate profitably in Spain today. From top bureaucrats down to the lowliest black marketers, business is strictly There are an under-the-table affair. some American businessmen-called "carpetbaggers" by their legitimate countrymen-who are on hand in Madrid for no other reason than to play the black markets for all they're worth -which is plenty.

Any cabinet or administrative changes that might curb Suances' power and liberalize business would have great significance. And there seems to be a glimmer of hope. Madrid circles believe there may be a slow easing of restrictions to encourage trade and some foreign investment. U.S. Ambassador Stanton Griffis is trying to convince dubious Spaniards that economic cooperation must be a two-way streetand he thinks he has a good chance of successs.



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COPPER MINERS are back at work, but it's still . . .

# Touch and Go on Chile Copper

Chilean operations bog down as result of labor trouble, inflation, and government's demand for bigger share of U.S. companies' profits. U.S. is the loser.

An uneasy truce has descended over Chile's vast copper mines. For two weeks now, 15,000 copper miners have been back at work after a wildcat strike that cost 10,000 tons of production. But the U.S. companies that turn out 95% of Chile's copper aren't breathing any easier.

It isn't just the labor problem that's bothering Anaconda Copper Mining Co. and Kennecott Copper Corp., the big operators in Chile. The Chilean government is auxious for a larger share of the companies' profits, is using copper to shoehorn concessions out of the U.S. government.

The squeeze play in Chile has copper men wondering if there's enough of the pie to go around—and still have expanding production of copper.

• Not Enough Copper-The U.S. is clearly worried about copper supply these days. Last week Economic Stabilizer Eric Johnston warned that the U.S. would fall short of its copper needs this year by 100,000 to 150,000 tons. A month ago W. H. Hoover, president of Anaconda, found "little hope" that world production could be stepped up enough to supply booming civilian needs and defense requirements in the U.S. And the International Materials Conference in Washington added its dark prediction: For the foreseeable future the world's copper deficit will be something like 600,000 tons a year.

We depend on Chile for a good 20% of our copper-close to 300,000 tons yearly. Strikes this year have taken a toll of 20,000 tons of production; and the trouble is beginning to show up in U.S. copper imports. So far this year they're running at an annual rate of

266,916 tons, compared with total imports last year of 291,360.

• Communist-Inspired?—Behind the strikes in Chile's copper mines is a new general confederation of copper workers, organized several months ago and claiming to represent every worker in the industry. The Chilean government has ruled that the confederation is illegal and "revolutionary"—and has ordered martial law at the mines.

Many Chileans blame the Communists (now outlawed in Chile) for the trouble. The government has been toying with the idea of asking the congress for "special powers" to deal with subversive elements and make strikes impossible—equivalent to abrogation of civil rights. Another solution President Gonzalez Videla has considered is appointing a military cabinet to establish virtual dictatorship over the country.

Need Pay Boost—The newly formed

• Need Pay Boost—The newly formed confederation has been hollering for an 80% increase over present wage scales for the miners, plus a 25% annual bonus. White collar workers want a 100% increase, plus bonus.

There is a strong case for pay boosts. Real wages in the mining industry have declined 10% over the past 10 years, while they have gone up 20% for industrial workers. Inflation is threatening the country—and as yet the government has done little to curb it.

The workers further justify their demands by pointing to the recent 3¢ a lb. boost in the price the U.S. pays Chile for its copper (BW-Apr.28'51,p 144). That was one of the concessions that Washington granted Chile in an effort to spur copper production. Trouble is, the companies point out, that money goes right to the Chilean treasury—not to the mines or workers.

• Concessions—There have been other concessions, too. Chile asked for a quota of the U.S. mines' production to sell anywhere in the world—at going market prices, which sometimes run as high as 50¢ a lb., well above the 27½¢ the U.S. pays. The U.S. has agreed to diversion of 20% of production—this year about 72,000 tons.

That's just about all that's been settled so far in negotiations between the U.S. companies, Washington, and the Chilean government. Chile has so far balked at giving anything in return.

• U.S. Companies Pay—The copper companies want financial relief if they re to keep up production. Each year, the Chilean government has bitten deeper into company profits. Direct taxation now takes about 50%. Another 15% of profits ends up in the Chilean treasury through a foreign exchange arrangement—the companies must buy pesos to run the mines at 19.37 to the dollar, whereas the actual free market rate for pesos averages 90 to the dollar. This year the copper

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companies will pay a whopping \$105million to Chile under the taxation and exchange deals.

The companies lose hand over fist in another direction, too. For example, Anaconda's company store at the huge Chuquicamata mine finds itself selling goods to the miners at 1931 prices. That costs the company a cool \$500,-000 monthly.

· Copper Mine Uneasy-Right now. Chile is considering letting the copper companies off the hook on the foreign exchange system. It may let them buy dollars at the free market rate-and try to make up the exchange loss with new taxation. There's talk that any new taxation will have a top limit of 70% of the profits.

But before any settlement can be reached, the Chilean congress has to give its O.K.-and that has U.S. copper men slightly uneasy.

Chile's senate has appointed a special commission to investigate the copper industry-at home and abroad. And already some suggestions have come in asking for government intervention in production, refining, export of copper. And there's talk of slapping a le export tax on the mining companies.

There's something else that gives copper men the willies. Some Chilean left-wingers are calling for nationalization of the mines. The movement has little or no strength now-but it stirs up worries for the future.

· Single Aim-One thing that both Chile and the U.S. companies want is to boost production-to around 600,000 tons yearly. Trouble is nobody knows how to do it. The mines are right now trying to effect an expensive changeover from the rapidly depleting surface ores to the lower-grade sulfuric ores beneath. Copper companies are finding it difficult enough to keep up the existing level of production.

And they feel that if Chile's inflation continues and the government take increases, costs will soon be scraping the ceiling price of 241¢.

#### World Rationing For Two Metals

After four months of discussions, the International Materials Conference in Washington has come up with a scheme to divvy two of the world's scarcest raw materials-tungsten and molybdenum. It's the first hard-andfast allocation plan to come out of the IMC; and it's the first time since World War II that commodities have been rationed around the world.

The plan covers the quarter ending Sept. 30. The U.S., as the biggest consumer of both metals, will get 44.8% of the world's tungsten supply (estimated for the quarter at 2,800 tons) and 77.8% of the molybdenum supply (4,400 tons). Britain, France, Sweden, and West Germany, together with other nations, share the rest.

The comparative speed with which the agreement was hammered out (some experts predicted a year—or never) has raised high hopes for the future of voluntary international rationing. Nations that had been bleating loudest that the U.S. would grab all the world's scarce materials are relieved by the allocation scheme.

But the tungsten and molybdenum deal is only a starter. And what's more, they are comparatively easy commodities to divide up. The next step for the IMC will be allocating sulfur, tightest of all raw materials.

#### BUSINESS ABROAD BRIEFS

The first offshore oil well in the Middle East—two miles out in the Persian Gulf—has been brought in by Arabian American Oil Co. Productivity isn't known yet. It brings to nine the number of known oil fields in Saudi Arabia.

Canada expands: Legislation will be introduced at the fall session of Parliament, clearing the way for Canada to go ahead on its own with a St. Lawrence power and navigation development. Canadians have just about lost hope that the U.S. will soon join them on the Seaway project. . . . Two \$1-million plants are going up at Prescott, southeast of Ottawa. RCA Victor Co. will build one for electronic equipment production; Canadian Industries, Ltd., plans a chemical operation for the other.

Capehart-Farnsworth Corp., of Fort Wayne, Ind., has jumped aboard the Latin American television boom. For a starter, Capehart is selling 11,000 TV sets to Argentina. Plans for distributors in Brazil and Cuba are in the works.

Venezuelan business: Firestone Tire & Rubber Co. says it will build a plant at Valencia with a capacity of 150,000 tires yearly. . . . Ford Motor Co. has completed plans for a Venezuelan assembly plant. Construction will begin as soon as materials are available. . . . Venezuela's government development corporation will shortly sign a contract with Westinghouse International Development Co. for construction of a \$13.5-million sugar refinery. Local companies will lease the mill after it's completed. . . U.S. Rubber Co. and Willys-Overland Motors are looking over plant possibilities in Venezuela.

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# Ability-to-Pay: Tax Doctrine in Transition

It's a good thing we have two houses of Congress. The tax bill jammed through the House of Representatives on June 22 is fresh proof that the founding fathers were wise in providing for a second legislative look.

The Senate is now beginning a thorough overhaul of the House bill. Sen. George, Democrat of Georgia, charged the House leadership with using the "meat ax" technique. He could have said much more.

What prompted this outburst by the chairman of the Senate Finance Committee is the way the House went about upping the levy on personal incomes in a tax bill designed to fight inflation. On May 9 its Ways & Means Committee agreed on a boost of three percentage points in personal income tax rates. The House bill at that stage would have advanced the rate from 20% to 23% on taxable income under \$2,000 and by similar three-point jumps all along the line. On income over \$200,000, the rate would have gone from 91% to 94%.

Suddenly, on May 23, the Democratic majority of the committee did a turnabout. It jettisoned the three-point boost in favor of a 12½% addition to the amount of the tax as presently computed.

#### Percentage Magic

Whoever engineered this reversal had an obvious goal in mind: to hit higher income earners harder. Their arithmetic was simple: A boost in the tax from \$20 to \$23 per \$100 of taxable income in the first bracket means a 15% jump in the tax, while a boost from \$91 to \$94 per \$100 of income at the top of the scale amounts to only something over 3%.

This magic of percentages was all it took to persuade the committee majority to shift to the new scheme that tacks 12½% more onto what people pay now. The result is to ease the cut in "take-home income" for the lower brackets and increase it sharply in the higher income brackets. As first adopted by the committee majority, the 12½% tax boost made the top rate run over 100%. When this folly was revealed, the maximum rate was frozen at 94½% on incomes over \$80,000. This leaves an individual who is successful enough to earn that much \$5.50 per \$100 for his pains.

The House bill, in the name of the "ability-to-pay" tax doctrine, ignores the only sense in which that slogan has meaning for the fight on inflation. Take a look at the figures: 56% of the taxable income of individuals in this country is accounted for by persons with incomes of less than \$5,000. If you draw the line at \$10,000, 80% of the taxable income is accounted for. The Council of Economic Advisers estimates that 86% of all income after federal taxes is received by taxpayers with net incomes of less than \$10,000.

It is a fact that in these brackets is the "ability-to-pay" the taxes that can stop inflation. Here is where the money is that goes into the markets to bid up the prices of goods. Here is where the tax sponge must soak up spending power that competes for the short supply of goods. This is a painful process because it means cutting the standard of living people are used to. But cutting the civilian living standard is the core of the economic aspect of defense until expanded output gives us both guns and butter. If we don't, there is only one alternative: more inflation.

Now if virtually confiscating personal income above a stated level, as the House does for higher income receivers, is necessary to fight inflation, then it makes sense. But it makes sense only if the taxes also reach into the big money, which the facts show is aggregated in the income brackets toward the lower end of the scale. Confiscating all taxable income of every individual earning over \$100,000 would yield the government only an additional \$39-million. That's peanuts in an economy where consumer spending is running at \$200-billion a year. To cut into this spending, taxes must cut into the income behind it. The House prefers not to.

Anti-inflation tax policy boils down to this: Either Congress must levy taxes on individuals where aggregate income is, or it must devise other fiscal means of immobilizing that income so it doesn't get into the markets. So far it has shown little interest in either direction. It cannot ignore the problem much longer if it is going to tackle inflation at one of its chief sources.

## Inflation by Hammer

It's got so you can't even stretch a penny by flattening it out sidewise. Nor a nickel, either. A congressman wants the coins used for what they'll buy as is, and that's little enough in 1951. No more flattening a penny to the diameter of a nickel and slipping it in the telephone slot, or a nickel to the size of a quarter and trying to fool a vending machine. Can't make nickels square, or pennies rhomboid. All that is "mutilation" and against the law.

It always has been mutilation and against the law with gold and silver coins, but for some reason nickels and pennies were not previously included. This elevation to the rank of precious metals comes after their buying power has been cut in half.

That men should try to restore money's purchasing power by any method including forcible stretching is not surprising. Housewives do it daily. But Congress won't have it that way. Coins can shrink in value all they please. But inflation by hammer is out.





#### AN ELEVATOR CONVERSATION YOU'LL NEVER HEAR

-between elevator research engineers. In machine room and elevator. As they follow through on new electronic developments. To give you the fastest possible floor-to-floor travel, with practically no feeling of car motion.

Never-ending Otis research—carried on in laboratories and experimental test towers that simulate every elevator condition—concerns itself with every phase of your elevator ride. From buttons that you touch instead of push; to control systems that provide greatly improved service—with fewer cars!

What has Otis research produced or devel-

oped? The first safe elevator, 1853. Electric elevators, 1889. Escalators, 1900. Gearless traction machines, 1904. Automatic leveling, 1915. Signal Control and Collective Control, 1924. Peak Period Control, 1937. Autotronic elevatoring and electronic touch buttons, 1948. To name a few you may recognize.

Add Otis elevator research to Otis elevator planning, engineering, manufacturing, construction and service and you have the reasons why the Otis trade-mark is the symbol of the world's finest elevators and escalators. Otis Elevator Company, 260 11th Ave., New York 1, N. Y.

BETTER ELEVATORING IS THE BUSINESS OF





# Where every day is Saturday night

In almost every business, there are cleaning, scouring and scrubbing jobs that run 'round the clock. In fact, cleaning is often a business within a business—one where every day is Saturday night—where industry needs and welcomes all the help it gets from chemistry.

Water alone doesn't do the job well enough, quickly enough. But, when a Monsanto detergent is added to water, it immediately takes on increased cleaning power and speed—spreads more rapidly, penetrates more deeply, wets more thoroughly. Thus more dirt is loosened up, lifted out, floated and then carried away through the more complete rinsing action of Monsanto detergents. Things really get clean!

This multiple action is a multiple help in cleaning all manner of factory products, dishes, automobiles, glass, metals, painted surfaces, fabrics, floors—it removes oil, grease, stains, perspiration, acids, grit and just plain dirt.

Monsanto produces and sells to manufacturers of industrial and household cleaning materials a large family of anionic and nonionic detergents. Some of these Monsanto detergents have "all-purpose" qualities—are equally effective in hard or soft, hot or cold water. Some are used to provide abundant suds; some to control dusting; some to retard sudsing. Others combine extra water-softening qualities with high detergency—useful in hard-water areas, especially where scum and soap curds present a problem . . In addition to these detergents, Monsanto manufactures other chemicals and solvents basic to cleaning.

If you are in the business of manufacturing or compounding cleaning materials, look to chemistry. Often it will give you just the help you need—most economically and satisfactorily... Monsanto Chemical Company, 1700 South Second Street, St. Louis 4, Missouri. In Canada: Monsanto (Canada) Limited, Montreal and Vancouver.

#### To Manufacturers and Formulators

Cleaning is only one of many important industry operations where Monsanto contributes to economies in production and improvements in products... Among the numerous Monsanto chemicals used in the preparation of cleaning compounds, those listed below are of special interest to manufacturers and formulators.



Heavy-equipment cleaning is only one of the big jobs that can be done with water, activated with a little Santomerse. No. 1 used alone or in a prepared compound. Equally effective for cleaning large areas of metal, glass and painted surfaces.



Weel processing is only one of many operations in the textile industry where Monsanto detergents improve both products and production. Sterox* 5K and Sterox 6, for instance, are nonionic detergents that are extensively used for degumming wool.



Commercial cleaning compounds are greatly improved by the inclusion of Monsanto's Sterox CD—a nonionic detergent that contributes de-dusting and controlled-sudsing properties.

GET MORE INFORMATION... Formulators and manufacturers interested in cleaning are invited to contact Monsanto for information on the following products:

Santomerse, in liquid, flake, powder or paste form... Sterox CD, for controlling dusting and sudsing... Sterox SE and Sterox SK, nonionic surface-active wetting agents... Sterox 5 and Sterox 6k, wetting, re-wetting and solvents...

Orthodichlorobenzene, for metal cleaning... Cyclo- and Dicyclohexylamine, for vapor-phase inhibitors.



Serving Industry . . . Which Serves Mankind